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Economic and Financial Affairs

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Main results of the Council

The Council adjusted the mandate given to the presidency for negotiations with the European Parliament on the establishment of a single resolution board and a single fund for the resolution of banks.

*It called for a conclusion of the talks on the proposed **single resolution mechanism** in time for the Parliament's plenary session on 14 to 17 April, so as to enable the regulation to be adopted before the end of the Parliament's current legislature.*

*The Council discussed strengthened rules on the **taxation of savings income** aimed at enabling the member states to better clamp down on tax fraud and tax evasion. It confirmed broad support for the text.*

The presidency's intention is for the new rules to be adopted before the end of March, following endorsement by the European Council.

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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>).
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Mr Wolfgang SCHÄUBLE

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Estonia:

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Minister for Finance

Ireland:

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Greece:

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Mr Pierre MOSCOVICI

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Cyprus:

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Latvia:

Mr Andris VILKS

Minister for Finance

Lithuania:

Mr Rimantas ŠADŽIUS

Minister for Finance

Luxembourg:

Mr Pierre GRAMEGNA

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Deputy Prime Minister, Minister for Finance

Sweden:

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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 Vitor CONSTÂNCIO

Vice President of the European Central Bank

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

ITEMS DEBATED

BANK RESOLUTION - SINGLE RESOLUTION MECHANISM

The Council revised the mandate given to the presidency for negotiations with the European Parliament on the establishment of a single resolution board and a single fund for the resolution of banks.

It called on the negotiators to reach agreement on the proposed single resolution mechanism (SRM) in time for the Parliament's plenary session on 14 to 17 April. This will enable the proposed regulation to be adopted before the end of the Parliament's current legislature (in May).

In December, the Council agreed on a general approach involving both a draft regulation on the SRM and a commitment to negotiate, by 1 March, an intergovernmental agreement on the functioning of the single resolution fund (SRF)¹. Work has since continued on two tracks, with seven political trilogues held with the European Parliament on the proposed regulation and six meetings of an intergovernmental conference on the SRF.

The next trilogue is scheduled for 12 March.

Under the Council's general approach, the SRM would enter into force on 1 January 2015, whereas functions relating to the bail-in of shareholders and creditors and concerning resolution would apply from 1 January 2016. The SRM is intended to cover all member states participating in the SSM, namely the euro-area countries and those non-eurozone countries that decide to join.

The regulation, based on article 114 of the Treaty on the Functioning of the European Union, requires a qualified majority for adoption by the Council in agreement with the European Parliament.

¹ Press release [17602/13](#).

TAXATION OF SAVINGS INTEREST

The Council discussed a draft directive aimed at strengthening EU rules on the taxation of savings income ([17162/13](#)).

The amendments to directive 2003/48/EC are intended to prevent its circumvention, reflecting changes to savings products and developments in investor behaviour since it came into force in 2005.

The discussion confirmed broad support for the text. Taking note of the comments made, the presidency expressed its intention for the amending directive to be adopted before the end of the month, following endorsement by the European Council at its meeting on 20 and 21 March.

The aim is to enlarge the scope of directive 2003/48/EC to include new types of savings income, and products that generate interest or equivalent income. It would include life insurance contracts, as well as a broader coverage of investment funds. And tax authorities, using a "look-through" approach, would be required to take steps to identify who is benefiting from interest payments.

The European Council in December called for the amending directive to be adopted by March, given its significance in combating tax fraud and tax evasion.

Directive 2003/48/EC requires the member states to exchange information automatically so as to enable interest payments made in one member state to residents of other member states to be taxed in accordance with the laws of the state of tax residence.

Based on article 115 of the Treaty on the Functioning of the European Union, the directive requires unanimity for adoption by the Council, after consulting the European Parliament.

FOLLOW-UP TO G20 MINISTERIAL MEETING IN SYDNEY

The Council was informed of the outcome of a meeting of G20 finance ministers and central bank governors held in Sydney on 22 and 23 February.

Discussions at the meeting focused on the global economy, investment in infrastructure and SMEs, economic growth, IMF reform, financial regulation and tax transparency. As concerns tax transparency, G20 finance ministers endorsed a common reporting standard developed by the OECD for the automatic exchange of information (see also p. 8).

ENERGY AND CLIMATE FRAMEWORK

The Council discussed the economic aspects of the EU's 2030 energy and climate framework, in preparation for the European Council meeting on 20-21 March.

It considered the impact of the proposed framework on growth and employment, as well as on energy prices, industrial competitiveness and public finances. The presidency will report on the discussion in a letter to be sent to the European Council.

The 2030 energy and climate framework, proposed in a communication issued by the Commission in January ([5644/1/14 REV 1](#)), is intended to facilitate the EU's transition to a low-carbon economy. It seeks to reconcile objectives related to the competitiveness of EU industry and the sustainability of its energy supply with the long-term targets set for eliminating the effects of climate change.

The main elements include:

- a greenhouse gas emissions reduction target of 40 % below 1990 levels by 2030, binding for member states and based on a well-functioning emissions trading scheme. The 40% target would be pledged as part of international negotiations on a new global climate agreement;
- a renewable energy target of at least 27 % of total energy consumption by 2030, binding at EU level though voluntary for member states;
- a review of the EU's directive on energy efficiency.

The discussion focused on the actions to be undertaken by member states to achieve the policy targets, the means for promoting renewable energy, measures for addressing the energy price gap with the EU's economic competitors and the completion of the internal energy market.

OTHER BUSINESS

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

MEETINGS IN THE MARGINS OF THE COUNCIL

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

- ***Macroeconomic dialogue with the social partners***

A dialogue on macroeconomic issues was held on 10 March between the presidency troika, the Commission and the European Central Bank, on the one hand, and the social partners on the other: employers and trade unions at EU level and representatives of public enterprises and SMEs. Two issues were discussed at the meeting: policy responses conducive to sustained economic growth; and funding channels to restore lending to the economy, in particular SMEs.

- ***Eurogroup***

Ministers of the euro area member states attended a meeting of the Eurogroup on 10 March. They discussed the economic situation in the euro area, in the light of the Commission's winter economic forecast, as well as the European Stability Mechanism direct bank recapitalisation instrument and the economic adjustment programmes in Cyprus, Greece and Portugal.

- ***Intergovernmental agreement on the single resolution fund***

Ministers held a special meeting on 10 March to discuss a draft intergovernmental agreement on a single resolution fund (SRF) for banks. [They reached provisional agreement on the text.]

- ***Breakfast meeting***

Ministers held a breakfast meeting to discuss the economic situation, in the light of the Commission's winter economic forecast. They were also informed of the economic and financial aspects of developments regarding Ukraine. And the Commission presented the main findings of its in-depth reviews of macroeconomic imbalances in 17 member states.

OTHER ITEMS APPROVED

ECONOMIC AND FINANCIAL AFFAIRS

Pericles 2020 programme to protect the euro against counterfeiting

The Council adopted¹ a regulation establishing the Pericles 2020 programme to protect and safeguard the euro against counterfeiting and related fraud for the years 2014 to 2020 ([PE-CONS 28/13](#)). This follows an agreement reached with the European Parliament at first reading.

Pericles 2020 will support the exchange of best practices; the dissemination of information; technical, scientific and operational assistance; and grants to finance the purchase of equipment to be used by specialised anti-counterfeiting authorities. The programme targets the participation of police forces and financial administrations, as well as representatives of national central banks, mints and judicial officers. A financial envelope of EUR 7.34 million (in current prices) is provided.

Pericles 2020 builds on the two precedent Pericles programmes, running from 2002 to 2006 and from 2007 to 2013.

DEVELOPMENT COOPERATION

EU external financial instruments for the period 2014-2020*

The Council adopted² regulations underpinning the following external EU financial instruments for the period 2014-2020:

- European neighbourhood instrument ([PE-CONS 126/13](#) + [6661/14 ADD 1](#));
- development cooperation instrument ([PE-CONS 127/13](#) + [6662/14 ADD 1](#) + [ADD 2](#));
- partnership instrument for cooperation with third countries ([PE-CONS 128/13](#) + [6664/14 ADD 1](#));

¹ The Swedish delegation abstained.

² The UK delegation voted against.

- instrument for the promotion of democracy and human rights worldwide ([PE-CONS 129/13](#) + [6665/14 ADD 1](#));
- instrument contributing to stability and peace ([PE-CONS 110/13](#) + [6666/14 ADD 1](#)).

It also adopted¹ a regulation establishing rules and procedures for deploying instruments for EU financing external action ([PE-CONS 130/13](#) + [6667/14 ADD 1](#) + [ADD 2 REV 2](#)).

ENLARGEMENT

Instrument for pre-accession assistance

The Council adopted a regulation underpinning the EU's instrument for pre-accession assistance ("IPA II") for the 2014-20 period ([PE-CONS 123/13](#) + [REV 2](#) + [6660/14](#) + [6660/14 ADD1](#)). This follows an agreement with the European Parliament at first reading.

GENERAL AFFAIRS

Reduced rate of excise duties on rum and liqueurs from Madeira and Azores

The Council adopted a decision authorising Portugal to continue applying, until 30 June 2014, reduced rates of excise duty in Madeira on locally produced and locally consumed rum and liqueurs and in the Azores on locally produced and consumed liqueurs and eaux-de-vie ([6940/14](#)).

The measure is intended to offset the competitive disadvantage that distilled alcoholic beverages produced in Madeira and in the Azores face as a result of higher production and marketing costs, generated from the specific structural, social and economic situation of these two regions, classified as "outermost" regions. The current authorisation to apply reduced rates expired on 31 December 2013.

¹ The UK delegation voted against.

Tax exemptions and reductions on products from Mayotte

The Council adopted a decision authorising France to apply, until 30 June 2014, exemptions or reductions to dock dues tax on certain products that are produced locally on Mayotte ([6965/14](#)).

The decision applies from 1 January 2014, the date from which Mayotte was classified as an "outermost" region.

FOREIGN AFFAIRS

EU-Uzbekistan Cooperation Council

The Council adopted the position to be taken by the EU at the 11th meeting of the EU-Uzbekistan Cooperation Council, to be held in Brussels on 18 March.

HEALTH

EU health programme for 2014-2020 *

The Council adopted¹ a regulation establishing the EU's health programme for the years 2014-2020 ([PE-CONS 105/13](#) + [6917/14 ADD 1](#)), following an agreement with the European Parliament at first reading reached in November.

The new programme is aimed at encouraging innovation in healthcare, increasing the sustainability of health systems, improving the health of EU citizens and protecting them from cross-border health threats. It will have up to EUR 449.4 million (in current prices) at its disposal.

For details, see [16161/13](#).

¹ The Hungarian delegation abstained.

TELECOMMUNICATIONS

Trans-European telecommunications networks*

The Council adopted a regulation establishing guidelines for the deployment and interoperability of telecommunications infrastructure projects of common interest in the field of trans-European telecommunications networks ("TEN-Tele") ([PE-CONS 116/13](#); statement: [6911/14 ADD 1](#)).

The regulation lays down the criteria on the basis of which actions are eligible for EU financial assistance from the "Connecting Europe Facility" and sets the priorities for funding. It covers projects in the area of digital service infrastructures and broadband networks that meet the general objective of contributing to economic growth in line with the "Europe 2020" strategy, as well as other conditions.

For details, see press release [7380/14](#).

TRANSPORT

Trans-European transport networks - New indicative maps for neighbouring countries

The Council decided not to object to the adoption by the Commission of a regulation amending annex III of regulation 1315/2013 on guidelines for the development of the trans-European transport network, supplementing it with new indicative maps ([5528/14](#) + [ADD 1](#) + [ADD 2](#) + [ADD 3](#)).

Annex III to the guidelines contains indicative maps for certain neighbouring countries with which the EU has close cooperation on transport issues. Delegated acts may be adopted to include maps of further neighbouring countries. The draft regulation concerns maps for Russia, Belarus, Ukraine, Moldova, Georgia, Armenia and Azerbaijan. Adding indicative maps will allow the EU to better target cooperation with the countries concerned, in particular financial support.

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

FOOD LAW

Maximum levels of cadmium

The Council decided not to oppose the adoption by the Commission of a regulation amending regulation 1881/2006 as regards maximum levels of cadmium in foodstuffs ([5675/14](#)).

The draft regulation is subject to the regulatory procedure with scrutiny. The Commission may now adopt it, unless the European Parliament objects.

AGRICULTURE

Trade in agricultural products with Switzerland and Liechtenstein

The Council decided on the position to be taken by the EU within the EU-Switzerland joint committee on agriculture as regards designs of origin and geographical indication ([5991/14](#)).

The joint committee is responsible for administration of an agreement on trade in agricultural products that entered into force in June 2002. A specific working group has been set up to administer the annex to the agreement on protection of designations of origin (PDOs) and protection of geographical indications (PGIs). In 2011, the EU and Switzerland concluded an agreement on PDOs and PGIs amending the agreement. As a consequence, the terms of reference of the working group on PDOs and PGIs are to be amended.

The Council also decided on the position to be taken by the EU as regards an amendment of the annex to an additional agreement with Switzerland and Liechtenstein ([5994/14](#)).

The additional agreement extends to Liechtenstein the EU-Switzerland agreement on trade in agricultural products, which entered into force in September 2007. The amendment to the annex concerns an update to the details of the competent Liechtenstein government agency and the introduction of an additional PGI for Liechtenstein.

FISHERIES

European Fisheries Fund - Increased co-financing for member states under financial pressure

The Council adopted an amendment to regulation 1198/2006 as regards provisions on financial management for member states experiencing or threatened with serious difficulties with respect to their financial stability. This follows an agreement with the European Parliament at first reading ([PE-CONS 28/14](#)).

The amendment is aimed at ensuring a correct implementation of the European Fisheries Fund (EFF) programmes in member states whose financial resources are under pressure. To date, seven countries have received financial assistance and have agreed a macro-economic adjustment programme with the Commission. These are Cyprus, Hungary, Romania, Latvia, Portugal, Greece and Ireland, although Hungary, Romania and Latvia are no longer under an adjustment programme.

The regulation allows the Commission to make increased payments under co-financing to these countries for the period of application of support mechanisms, so as to enable them to continue implementation of fisheries policy programmes and to continue to disburse funds to projects. However, these provisions have no impact on the EU budget as the overall allocation for the period 2007-2013 is not modified.

APPOINTMENTS

Committee of the Regions

The Council appointed Ms Megan FEARON, Mr Andrew LEWER, Ms Jill SHORTLAND and Mr Harvey SIGGS (United Kingdom) as members of the Committee of the Regions for the remainder of the current term of office, which runs until 25 January 2015 ([7066/14](#)).
