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Subject: Council Statement on an ECOFIN Work Plan on Climate Action

Delegations will find in the Annex the Council Statement on an ECOFIN Work Plan on Climate Action, approved by the Council (ECOFIN) at its 3736th meeting held on 5 December 2019 in Brussels.

Council Statement on an ECOFIN Work Plan on Climate Action

Climate change is a global challenge that requires a coordinated global response and therefore the fight against climate change has rightly risen to the top of the political agenda.¹ In the informal meeting in September 2019, the ECOFIN ministers expressed their ambition to play an important role in contributing to climate action and the transition to a climate neutral economy. The ministers lent their support to enhanced climate action at EU level and underlined the importance of EU leadership globally. In this context, the work of the Coalition of Finance Ministers for Climate Action is relevant.² In addition, the ECOFIN ministers support the work of the International Platform on Sustainable Finance (IPSF).

The Presidency's initiative of organising regular policy discussions presented in the informal ECOFIN gained broad and strong support. Against this background, a draft ECOFIN work plan serving as a basis for regular policy discussions has been prepared.

¹ In June 2019, ECOFIN ministers discussed the Commission Communication "A Clean Planet for All".

² The Coalition agreed on an overview of its Action Plan at the Ministerial meeting on 19 October 2019 in Washington D.C, with the aim to mainstream climate action into the economic and financial policies.

General principles

- The initial ECOFIN Work Plan includes a non-exhaustive list of policy themes raised in the September informal ECOFIN lunch discussion.
- The Work Plan facilitates sharing best practices and analysing policies and measures for addressing climate change in regular discussions.
- The aim is to concentrate on the role and impact of different policies on climate change mitigation and adaptation, not on specific legislative files in the first instance.
- The plan relies on the analytical work and impact assessments provided by the Commission and the support from relevant committees, the EIB and other institutions.
- The Work Plan provides a tentative list of topics and is a "living document", updated on a regular basis under future Council Presidencies.
- Aside from core ECOFIN workstreams the regular discussions may cover cross-cutting topics addressed by other Council configurations.

Key policy issues

- The economic impacts and costs of climate change are diverse, and thus require comprehensive and coherent action across economic sectors to address them. The regular discussions would cover both direct and indirect policy measures and their effects including the transition and social costs.
- Relevant measures for climate change mitigation and adaptation included in the discussions would encompass carbon pricing (covering both emissions trading, taxation and harmful subsidies), green budgeting and sustainable finance measures and incentives.
- In addition, the discussions should cover the role of multilateral financial institutions (such as the EIB) and EU funding in mobilising private finance and sustainable investments.
- Furthermore, the discussions should address general aspects of policy designs, such as effectiveness, cost-efficiency, national and regional specificities, fairness, competitiveness, macroeconomic, financial and fiscal sustainability as well as international coordination.

A tentative list of topics with some indication of timing could be the following:

- International climate finance (November 2019)
- Tentative ECOFIN Work Plan (December 2019)
- Sustainable finance (December 2019)
- The European Green Deal: Economic and Financial Aspects
- Green budgeting
- Carbon pricing, green taxation and harmful subsidies
- The green financing strategy
- Green investment