



**COUNCIL OF
THE EUROPEAN UNION**



16051/12

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PRESS RELEASE

3198th Council meeting

Economic and Financial Affairs

Brussels, 13 November 2012

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

P R E S S

Main results of the Council

*The Council amended its negotiating position on the "two-pack" of proposals aimed at further improving **economic governance** in the euro area.*

The proposals provide for enhanced monitoring of member states' budgetary policies, as well as strengthened surveillance of countries experiencing financial difficulties.

In adjusting its position, the Council intends to conclude negotiations with the European Parliament so as to adopt the texts before the end of the year.

*The Council endorsed a report on the finance provided for "fast-start measures" to help developing countries combat **climate change** and its effects.*

The report, to be presented to a UN climate change conference in Doha, shows that the EU and the member states have already all but met their EUR 7.2 billion commitment to fast-start financing for the 2010-12 period.

*The Council also adopted conclusions on **statistics**.*

CONTENTS¹

PARTICIPANTS.....	6
--------------------------	----------

ITEMS DEBATED

Economic governance - Second package.....	8
Bank capital requirements.....	9
Bank supervision.....	10
Financial transaction tax	11
Savings tax agreements.....	12
Follow-up to the October European Council	13
International finance meetings	14
Climate change - Fast-start finance.....	15
Reform of state aid control.....	19
Meetings in the margins of the Council	20

OTHER ITEMS APPROVED*ECONOMIC AND FINANCIAL AFFAIRS*

– Tax fraud and tax evasion.....	21
– External auditor of the Central Bank of Ireland	23
– VAT derogation - Germany and Austria	23
– VAT derogation - Lithuania	23
– EU statistics.....	24

¹

- 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.

FOREIGN AFFAIRS

– Relations with Libya	28
– Anti-personnel mines	28
– European diplomatic programme	28

DEVELOPMENT COOPERATION

– European development fund: financial contributions to be paid by the member states.....	29
---	----

HUMANITARIAN AID

– Food assistance convention	29
------------------------------------	----

COMMON SECURITY AND DEFENCE POLICY

– EU crisis management operations	29
– Warehouse for EU civilian missions	29
– Comprehensive nuclear-test-ban treaty organisation.....	30

GENERAL AFFAIRS

– European Year of Citizens (2013).....	30
---	----

JUSTICE AND HOME AFFAIRS

– Automated data exchange with Estonia.....	31
– Automated data exchange with Lithuania	32

TRADE POLICY

– Australia - New Zealand - Agreements on mutual recognition	32
--	----

INTERNAL MARKET

– Motor vehicles type-approval.....	32
-------------------------------------	----

RESEARCH

– High flux reactor research programme	33
--	----

ENERGY

– Energy Star.....	33
--------------------	----

TRANSPORT

– Training of seafarers *.....	33
– Civil aviation rules	34

AGRICULTURE

– Quality schemes for agricultural products.....	35
– Seeds for sowing and reproductive forest material.....	35
– Court of Auditors report - Organic products	36

FISHERIES

– Twelve nautical mile access regime - Transitional measures.....	37
---	----

FOOD LAW

– Food additives - Plastic materials for food.....	37
--	----

TRANSPARENCY

– Public access to documents	38
------------------------------------	----

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Mr Michael NOONAN

Minister for Finance

Greece:

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Vice-President

Mr Olli REHN

Vice President

Mr Michel BARNIER

Member

Mr Algirdas ŠEMETA

Member

Mr Janusz LEWANDOWSKI

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

The government of the acceding state was represented as follows:

Croatia:

Mr Vladimir DROBNJAK

Permanent Representative

ITEMS DEBATED

Economic governance - Second package

The Council adjusted its position in negotiations with the European Parliament on two draft regulations aimed at further improving economic governance in the euro area.

The objective is to facilitate rapid agreement with the Parliament, so as to enable the regulations to be adopted at first reading before the end of the year, in line with the October European Council's conclusions.

This second "two-pack" of proposals includes:

- a regulation for enhanced monitoring and assessment of draft budgetary plans of euro area member states, especially those subject to an excessive deficit procedure;
- a regulation on enhanced surveillance of euro area member states that are experiencing severe financial disturbance or request financial assistance.

The proposals were presented by the Commission in November 2011, following adoption of an initial "six-pack" of economic governance measures¹.

The two draft regulations introduce provisions for enhanced monitoring of countries' budgetary policies. Member states would be required to forward to the Council and the Commission their draft budgetary plans for the next year by 15 October each year. Closer monitoring would apply to member states in an excessive deficit procedure in order to enable the Commission to better assess whether there is a risk of non-compliance with the deadline to correct the excessive deficit. Member states experiencing severe difficulties with regard to their financial stability or receiving financial assistance on a precautionary basis would be subject to even tighter monitoring than member states in an excessive deficit procedure.

The Council agreed a general approach on the proposals in February. The Parliament established its negotiating position on 4 July, introducing significant changes to the texts. Negotiations between Council and Parliament started on 11 July, and seven trilogues have been held since. Progress has been achieved on the regulation on enhanced surveillance, while negotiations on the regulation concerning the assessment of draft budgets have so far proved more difficult.

Based on article 136 of the Treaty on the Functioning of the European Union, the regulations require a qualified majority of the 17 member states of the eurozone for adoption by the Council, in agreement with the Parliament.

¹ For details, see press release [16446/11](#).

Bank capital requirements

The Council was informed by the presidency of the state of negotiations with the European Parliament on two proposals – the "CRD 4" package – amending the EU's rules on capital requirements for banks and investment firms (*doc. [15654/12](#)*).

The Council held a brief exchange of views. It confirmed its commitment to reach an agreement with the Parliament before the end of the year, in line with the October European Council's conclusions, whilst maintaining the balance achieved when it approved a general approach in May.

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.

Based respectively on articles 114 and 53(1) of the Treaty on the Functioning of the European Union, the regulation and the directive require a qualified majority for adoption by the Council, in agreement with the Parliament.

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

Bank supervision

The Council discussed, on the basis of a note from the presidency ([15663/12](#)), proposals aimed at establishing a single supervisory mechanism (SSM) for credit institutions in the eurozone and in other EU member states choosing to participate.

Experts will continue work on the proposals, in the light of the guidance provided by the Council. The aim is to reach agreement at the Council meeting on 4 December.

The two proposed regulations – one conferring specific supervisory tasks on the European Central Bank, the other modifying regulation 1093/2010 establishing the European Banking Authority¹ – are a key element of a broader plan to establish a banking union for the euro area. The plan also provides for a common resolution authority and a common deposit guarantee scheme.

The October European Council set 1 January 2013 as the deadline for agreeing on the legal framework set out in the two regulations, whilst indicating that work on operational implementation would take place during 2013 (*see conclusions, [EUCO 156/12](#), and in particular paras 6-10*).

In June, eurozone heads of state and government stated that once the SSM is in place for banks in the eurozone, the European Stability Mechanism "could, following a regular decision, have the possibility to recapitalize banks directly".

Under the proposals, the ECB would have direct oversight of all eurozone banks, although in a differentiated way and in close cooperation with national supervisory authorities. Non-euro member states wishing to participate in the SSM would be able to enter into close cooperation arrangements. The proposals also provide for amendments to the EBA regulation, in particular to ensure non-discriminatory and effective decision-making in the EBA's board of supervisors.

Based on article 127(6) of the Treaty on the Functioning of the European Union, the draft ECB regulation requires unanimity for adoption by the Council, after consulting the European Parliament and the ECB.

The draft EBA amending regulation is based on article 114 of the TFEU, which requires a qualified majority for adoption by the Council, in agreement with the Parliament.

¹ docs [13682/12](#) + [13683/12](#)

Financial transaction tax

The Council took stock of developments regarding the introduction of a financial transaction tax (FTT) in a number of member states wishing to participate in enhanced cooperation, and discussed how to proceed with the dossier. The Commission presented its proposal for a decision to authorise enhanced cooperation in this field.

The Commission's proposal, submitted on 23 October, would allow Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia to introduce the FTT via enhanced cooperation ([15390/12](#))¹. In June, the European Council suggested that a decision be taken by December.

The Netherlands indicated that they would also be interested in participating, under certain conditions.

Based on article 329(1) of the Treaty on the Functioning of the European Union, the decision requires a qualified majority for adoption by the Council, with the consent of the European Parliament. Adoption of the legislative act defining the substance of enhanced cooperation would require unanimous agreement by the participating member states.

A number of member states not wishing to join the enhanced cooperation indicated that they would wish to receive a more detailed assessment of its impact on the internal market before supporting the decision authorising enhanced cooperation.

In 2011, the Commission proposed a directive aimed at introducing an FTT throughout the EU², but Council discussions in June and July this year revealed support for the proposal to be insufficient. In September and October, the 11 member states wrote to the Commission requesting a proposal for enhanced cooperation, specifying that the scope and objective of the FTT be based on that of the Commission's original proposal.

That proposal involved a harmonised minimum 0.1% tax rate for transactions in all types of financial instruments except derivatives (0.01% rate). The aim was for the financial industry, which many consider as under-taxed, to make a fair contribution to tax revenues, whilst also creating a disincentive for transactions that do not enhance the efficiency of financial markets.

¹ 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. It must be established that the objectives cannot be attained within a reasonable period by the EU as a whole. At least nine member states must participate, and the cooperation must remain open for any others that wish to join.

² Doc. [14942/11](#)

Savings tax agreements

The Council discussed a proposed mandate that would enable the Commission to negotiate amendments to agreements signed in 2004 with Switzerland, Liechtenstein, Monaco, Andorra and San Marino on the taxation of savings income.

The presidency took note of the views expressed. In the light of reservations maintained by two delegations, it indicated that it would report to the European Council and would reflect on how to proceed with the dossier.

The aim of the proposal is to update the agreements so as to ensure that the five countries apply measures that are equivalent to an amended EU directive on the taxation of savings income¹. Amendments to both the directive and the agreements would set out to improve their effectiveness in terms of information exchange.

In June and October, the European Council called for agreement to be reached rapidly on the proposed negotiating mandate.

Based on article 218(3) and (4) of the Treaty on the Functioning of the European Union, the draft decision requires unanimity for adoption by the Council.

¹ Directive 2003/48/EC

Follow-up to the October European Council

The Council briefly took stock of the follow-up to the European Council's meeting on 18 and 19 October.

It took note of the work undertaken by the President of the European Council in relation to the further development of the EU's economic and monetary union, for which a timetable and report will be presented in December (see conclusions: [EUCO 156/12](#), and in particular paras 13-17).

International finance meetings

The Council briefly discussed:

- the outcome of the annual meeting of the IMF and World Bank Group held in Tokyo on 12-14 October;
- the follow-up to the G-20 finance ministers' and central bank governors' meeting held in Mexico City on 4-5 November.

It asked the Economic and Financial Committee to speed up work on IMF quotas, in order to enable it to reach agreement on this issue ahead of an International Monetary and Financial Committee (IMFC) deputies' meeting scheduled for January.

Climate change - Fast-start finance

The Council adopted the following conclusions:

"The Council:

1. REAFFIRMS the collective commitment by developed countries in the Copenhagen Accord and under the Cancun Agreements to provide new and additional resources, approaching USD 30 billion for the period 2010-2012; STRESSES the important role of fast start finance in supporting the swift implementation of the Cancun Agreements.
2. REAFFIRMS the EU and its Member States' commitment to provide EUR 7.2 billion cumulatively over the period 2010 – 2012 to fast start finance; UNDERLINES that despite the difficult economic situation and tight budgetary constraints, the EU and its Member States are on track towards meeting their commitment.
3. ENDORSES the preliminary report on finance provided by the EU and its Member States in 2012 for "fast-start measures" to be presented at the UNFCCC Conference of the Parties (COP 18) from 26 November till 7 December 2012 in Doha and the indicative list of individual actions funded; CONFIRMS that to date a total of € 7.1 billion¹ has been provided by the EU to meet its FSF commitment, with 40.5% of the total to fund mitigation action, 30.1% to support adaptation and 13.0% to support action to reduce deforestation and forest degradation in developing countries; NOTES that, 16.4% of the funding cannot be categorized due to the multipurpose nature of the activities supported; NOTES that disbursement will continue beyond 2012 in line with project cycles committed between 2010 and 2012.
4. REQUESTS the Commission to update data in the Doha fast-start finance report as appropriate in order to reflect any further information received before UNFCCC COP18.

¹ As of 5 November 2012.

5. REAFFIRMS the importance for the EU together with other developed countries of continuing to provide support beyond 2012 for policies, programmes and initiatives that will deliver substantial results and value for money in the context of meaningful mitigation actions and transparency on implementation, and in helping to increase climate resilience and to narrow the ambition gap between current pledges and emissions reductions with special attention to avoiding duplication of initiatives, the efficient use of available funding, and the need for sustainable public finance and fiscal consolidation; RECALLS that the Durban platform noted the significant gap between mitigation pledges and emissions reduction necessary to achieve 2 degrees target and therefore calls on all parties to ensure the highest possible mitigation efforts; ENCOURAGES emerging economies to contribute to the financing of adaptation to and mitigation of climate change in line with their respective responsibilities and capabilities.
6. REITERATES that efficiency and effectiveness are paramount to the mitigation and REDD+ actions funded reaching their objective of limiting the emission of greenhouse gases and, thereby, limiting global warming to at most 2 degrees Celsius; STRESSES the need for climate finance to deliver on mitigation and adaptation taking into account the respective capabilities of developing countries and EMPHASIZES that climate finance beyond 2012, mobilized jointly by all developed countries, should be matched by measurable reportable and verifiable climate action in developing countries.
7. COMMITS to report regularly on climate finance in accordance with the relevant provisions of the UNFCCC and ENCOURAGES the other developed countries to follow the same approach.
8. REITERATES that in this respect the EU will continue to provide climate finance support after 2012 and should work in a constructive manner with other developed countries towards the identification of pathways for scaling up climate finance from 2013 to 2020 from a wide variety of sources, public finance and private sector finance, bilateral and multilateral, including alternative sources of finance, as needed to reach the international long term committed goal of mobilizing jointly US\$100 billion per year by 2020 in the context of meaningful mitigation actions and transparency on implementation with a view to reducing global greenhouse gas emissions so as to keep the increase in global average temperature below 2 °C compared to preindustrial levels.
9. CONFIRMS that the EU in providing finance for adaptation will continue to take into account the needs of the particularly vulnerable developing countries, including the Small Islands Developing States, the Least Developed Countries and Africa.

10. RECALLS that the primary objective of carbon pricing measures is to contribute cost – effectively to mitigate in line with the 2 degree goal established under the UNFCCC; REITERATES that the market based instruments including in the area of global aviation and maritime transportation would generate the necessary price signal to efficiently achieve more emission reductions from these sectors and could generate large financial flows including for climate finance; In this context, REITERATES its call for tangible progress within ICAO and IMO towards global and effective carbon pricing schemes and TAKES NOTE of the options under consideration for global measures to address emissions in the aviation and maritime sectors; NOTES that finance available, including from auctions of aviation allowances in the EU ETS, could help to support climate action in developing countries while STRESSING that it will be up to each Member State to determine the use of public revenues in accordance with national budgetary rules and in consistency with a sound and sustainable public finances policy framework within Member States of the EU, without prejudging the ongoing negotiations at the IMO and ICAO.
11. ACKNOWLEDGES the important role of national, Bilateral and Multilateral Development Banks and other public financial institutions in facilitating the mobilisation of climate finance flows; HIGHLIGHTS that private sector finance will play an essential role in mobilising the investment flows required to meet the 2 C objective and therefore it needs to be encouraged, catalysed by all Parties and mobilised as part of the USD 100 billion commitment by 2020 by developed countries; WELCOMES the on-going work by the OECD in developing an appropriate and shared methodology to mobilise private climate finance and enable it to be better defined, recorded, monitored and reported; and ENCOURAGES contributions from the EU and its Member States to reaching a common understanding with other Parties on the definition of private climate finance; RECALLS that climate friendly private investment is central in achieving the paradigm shift towards low-emission and climate-resilient development pathways; EMPHASISES that developing countries need to have the right enabling policy frameworks in place in order to incentivise low carbon private investment domestically to attract private finance on the necessary scale; ACKNOWLEDGES that capacity building support can play an important role in this regard.
12. CONFIRMS that the EU and its Member States will continue efforts to develop and use instruments and approaches to mobilise private sector finance for climate measures; INVITES the EU and its Member States to complement the work of the OECD on identifying and mobilizing private finance as well as on tracking private finance flows.
13. NOTES the activities under the work programme on long term finance under the UNFCCC and the publication of the report by the co – chairs.

14. TAKES NOTE of the work of the G20 study group on ways to effectively mobilise resources for climate finance as a means to enhance dialogue and experience sharing between developed countries and emerging economies and provide valuable input to the work under the UNFCCC; TAKES NOTE of the welcoming of the progress report by the G20 Finance Ministers in November;
15. WELCOMES the initial work of the Board and the Interim Secretariat of the Green Climate Fund (GCF); LOOKS FORWARD to the report of the work of the GCF Board including the proposal from the GCF Board on the host country of the GCF, according to the governing instrument and decisions on the GCF agreed in Durban; ENCOURAGES the Board of the GCF to ensure the expeditious operationalization of the GCF as a cost effective and efficient fund that will strive to maximise the impact of its funding in order to support transformational change towards low – carbon and climate resilient development; REITERATES that the Fund is to make a significant and ambitious contribution to the global efforts towards achieving the goals set by the international community to mitigate and adapt to climate change, by supporting mitigation and adaption activities and supporting activities related to technology, REDD+ and capacity building; RECALLING ECOFIN Council Conclusions of 15 May 2012, STRESSES that the issue of the EU participation to the GCF Board should be resolved swiftly."

Reform of state aid control

The Council took note of the Commission's plans for a reform of the enforcement of the EU's state aid rules.

The presidency drew the following conclusions:

"Having taken note of the Commission Communication of 8 May 2012 on "State Aid Modernisation (SAM)"¹, and acknowledging the forthcoming discussion in the Council (COMPET) on 10 December 2012, the Presidency:

1. WELCOMES the Commission plan to modernise state aid control to better exploit its potential to support growth, employment and EU competitiveness, while contributing to Member States efforts towards a more efficient use of public finances.
2. SUPPORTS objectives of (i) redirecting state aid towards initiatives that can efficiently and effectively support the achievement of the Europe 2020 growth objectives, (ii) prioritising scrutiny of those types of aid which are potentially the most harmful to the internal market and (iii) simplifying the rules and procedures to ensure faster, better informed and more robust decisions based on a clear economic rationale, a common approach and clear obligations.
3. EMPHASISES that an effective control of state aid should be based on a clear and predictable framework for Member States policies that ensures a transparent level playing field in the internal market.
4. AGREES that instruments allowing for a better prioritisation and greater simplification should go hand in hand with effective evaluation and control of compliance with the State aid rules at the national and European level, while remaining proportionate and preserving the institutional competences of the Commission and the Member States.
5. INVITES the Commission to develop its proposals in close consultation with the Member States."

¹ Doc. [10266/12](#).

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 12 November between, on the one hand, the presidency¹, the Commission, the European Central Bank and the president of the Eurogroup and, on the other hand, the social partners: employer and trade union organisations at EU level and representatives of public enterprises and SMEs.

– ***Eurogroup***

Ministers of the euro area member states attended a meeting of the Eurogroup on 12 November.

– ***Meeting with EFTA finance ministers***

Ministers met their counterparts from the European Free Trade Association: Iceland, Liechtenstein, Norway and Switzerland.

– ***Breakfast meeting***

Ministers held a breakfast meeting to discuss the economic situation. They also discussed international accounting issues.

¹ Current and two future presidencies: Cyprus, Ireland and Lithuania.
16051/12

OTHER ITEMS APPROVED**ECONOMIC AND FINANCIAL AFFAIRS****Tax fraud and tax evasion**

The Council adopted the following conclusions:

- "1. The Council underlines the importance of intensifying action against tax fraud and evasion as requested by the European Council in June 2012, and set out in its report on this issue (doc. 11802/12 FISC 90). The Council therefore welcomes the Communication on concrete ways to reinforce the fight against tax fraud and tax evasion including in relation to third countries presented by the Commission in July 2012 (doc. 12108/12 FISC 96).
2. The Cyprus Presidency has submitted it to the Council High Level Working Party on Tax issues (HLWP). Member States were given the opportunity to express views on the priorities set out in the Communication regarding tax evasion and fraud, with a view to the presentation by the Commission of an Action Plan as well as a Communication on tax havens and aggressive tax planning later this year.
3. The Council notes that all Member States recognise the importance of taking effective steps to fight tax evasion and fraud, also in times of budgetary constraints and of economic crisis.
4. The Council takes the view that, when prioritising steps to fight tax evasion and fraud, it will be important to pay attention to both the area of direct and indirect taxation, without connecting them, and to concentrate on actions for the short term. Action at the level of Member States will be essential to fight tax fraud and evasion, but common efforts should also be made at EU level in areas where this would add value, increase coherence and efficiency of tax collection and help closing loopholes. Particular attention should be paid to the efficient and cost-effective implementation of already existing EU legislation and IT systems, as well as to burdens on businesses and tax administrations. Beyond legislative instruments the EU should consider pragmatic tax coordination at the level of the Council and support, where appropriate, coherent action in relation to third countries, while taking relevant work in international fora into account.

Furthermore, the EU should support the dissemination of best practices with regard to the national systems for enforcement of tax laws and effective collection of taxes.

5. As far as the suggested actions are concerned, the Council would see progress on the following issues as a priority:

In the field of direct taxation:

- carrying forward work and discussions on the revision of the Savings Directive and reaching rapidly an agreement on the negotiating directives for savings agreements with third countries, as recalled by the European Council conclusions of 28/29 June 2012,
- ensuring effective information exchange between administrations,
- exploring the possibility of deepening administrative co-operation in the area of direct taxation.

In the field of indirect taxation:

- combating the considerable losses in the field of VAT inter alia by continued work with and analysis of possible measures to combat tax evasion effectively, taking into account Council conclusions adopted in May 2012 (doc. 9586/12 FISC 63 OC 213),
- ensuring effective information exchange between administrations, and effective use of the existing computerised control system in the area of excise duties.

6. The Council also notes that some areas mentioned in the Communication should not be taken forward as a priority at this stage, such as:

- Administrative and Criminal Sanctions;
- Joint audits.

7. The Council is looking forward to the Action Plan to be submitted by the Commission together with a Communication on tax havens and aggressive tax planning. It requests appropriate preparatory Council bodies to examine both, once they have been put forward."

External auditor of the Central Bank of Ireland

The Council adopted a decision approving the appointment of RSM Farrell Grant Sparks as external auditor of the Central Bank of Ireland for the financial years 2012 to 2016.

VAT derogation - Germany and Austria

The Council adopted a decision authorising Germany and Austria to continue applying a measure derogating from articles 168 and 168a of directive 2006/112/EC so as to exclude from the right of deduction the VAT borne on goods and services that are used by the taxable person for more than 90 % for private or non-business purposes.

The aim of the measure is to simplify the procedure for charging and collecting VAT, thereby also preventing tax evasion and tax avoidance.

The authorisation is limited in time until 31 December 2015, in order to allow for a review of the necessity and effectiveness of the measure. Any request for extension should be submitted to the Commission by 31 March 2015.

VAT derogation - Lithuania

The Council adopted a decision authorising Lithuania, by way of derogation from Article 193 of directive 2006/112/EC, to continue imposing VAT charges on the recipient of goods and services in the case of insolvency or restructuring procedures subject to judicial oversight and the supply of timber.

The decision will apply from 1 January 2013 until 31 December 2015, while a request for an extension of the measure would have to be submitted to the Commission by 1 April 2015.

EU statistics

The Council adopted the following conclusions:

"Following the priorities set in the ECOFIN Council Conclusions of 10 November 2009, 10 November 2010, and 20 June 2011 and on 30 November 2011 on statistical governance, priority setting, robust quality management, and the Status Report on Information Requirements in EMU, the ECOFIN Council has reviewed the progress made in these areas and endorses the EFC opinion on EU Statistics.

EU Statistical Governance

- The Council WELCOMES the Commission proposal for amending Regulation (EC) 223/2009 on European statistics, in view of reinforcing the governance framework especially regarding professional independence of the national statistical institutes.
- The Council WELCOMES the strengthening of the national statistical institutes' coordination role which is key to ensure the implementation of the Principles of the Code of Practice for European Statistics throughout the European Statistical System, while recognising that statistical functions of national central banks performed through the European System of Central Banks are coordinated under a separate legal framework.
- The Council ALSO WELCOMES the parallel adoption in September 2012 of a new decision on Eurostat, which clarifies and reinforces within the Commission the role and responsibilities of Eurostat, and considers that this decision signals the renewed commitment from the Commission on confidence in European statistics developed, produced and disseminated by Eurostat.
- The Council CONSIDERS that Commitments on Confidence in statistics are an important feature of the statistical governance and could serve to enhance its credibility and that Member States should commit themselves to further enhance confidence in European statistics by complying with the legal obligations to be agreed in the course of amending Regulation 223/2009. The Council ACKNOWLEDGES that national legislation in some Member States already provides the statistical governance requirements as stipulated by the European Statistics Code of Practice. It stresses the importance to quickly establish and implement Commitments on Confidence in statistics in all Member States, either by provisions similar to those adopted by the Commission with its Decision on the role of Eurostat or by the developments of the Commitment, taking fully into account national specificities with the launch of pilot exercises as a first stage, as stated in the Council conclusions of 30 November 2011.

- The Council WELCOMES the fourth report of the European Statistical Governance Advisory Board (ESGAB) and its recommendations, acknowledging the progress achieved at Eurostat level and in the implementation of national improvement actions to adhere with the Code, but underlining the need to accelerate the pace of progress. The Council AGREES with ESGAB in urging governments to acknowledge their share of responsibility in reinforcing professional independence and strengthening the credibility of European statistics.

Quality assurance of key statistical output

- The Council WELCOMES the progress made in the implementation of a preventive approach to enhance the quality of EDP statistics, in particular regarding upstream dialogue visits. It TAKES NOTE that the delegated act sanctioning the manipulation of EDP statistics will enter into force in November 2012. The Council ASKS the Commission to fully take into account national institutional organisations, in particular when requiring the assistance of staff from Member States' administrations.
- The Council WELCOMES the progress made in the preparation of the implementation of Directive 85/2011 for enhancing the collection and publication of short-term public finance statistics by Member States (monthly and quarterly) and Eurostat (quarterly) and of annual off-balance sheet information on contingent liabilities by Member States. The Council AWAITS the conclusions of the Commission's study on the suitability of the International Public Sector Accounting Standards (IPSAS) for Member States.
- The Council REQUESTS that Eurostat presents by early 2013 to the EFC an interim report on the impact of the new ESA 2010 on public finance statistics.

The 2012 EFC Status Report on Information Requirements in EMU

The Council ENDORSES the 2012 EFC Status Report on Information Requirements in the EMU.

In particular, the Council

- WELCOMES the progress since 2011, and notes that the availability and quality of PEEIs generally have improved but that a harmonised indicator on house sales is not yet available. Timeliness of the PEEIs has improved slightly, but the release dates still remain well behind the targets for quarterly sector accounts and national accounts employment.

- WELCOMES the strategy and the roadmap outlining the further development of the PEEIs that gives the highest priority to the implementation of the current targets and the punctual dissemination of the agreed PEEIs showing a high reliability and acknowledges that some of the measures may take several years to implement.
- NOTES that Eurostat and the ECB participated in defining the indicators for the G20 data gaps initiative that emerged with the economic and financial crisis; these efforts have contributed to the publication of quarterly G20 GDP growth data since March 2012.
- CONSIDERS that co-operation with partner countries and organisations should be reinforced in order to ensure the timely availability of the required data in all countries involved.
- TAKES THE VIEW that the provision of G20 aggregates fulfilling the data quality frameworks in place would be required.
- INVITES Eurostat and the ECB to provide an updated EFC Status Report on the fulfilment of the updated EMU statistical requirements in 2013.

Scoreboard statistics for the Macroeconomic Imbalances Procedure, ESA 2010 and other structural statistics

- The Council RECALLS the importance for the credibility of the Macroeconomic Imbalances Procedure of having timely statistics of the highest quality for inclusion in the scoreboard and STRESSES the need for the Commission (Eurostat) to pursue all necessary initiatives to assure a reliable procedure for the completion of these statistics as well as a continuous improvement of the underlying statistical information. The Council INVITES the European Statistical System and the European System of Central Banks to continue to work together on improving the underlying statistics and to ensure comparability.
- The Council WELCOMES the thorough process of the ESA revision. The Council is AWARE that ESA 2010 is essential for the availability of the required comparable macro-economic statistics for EU purposes and that its successful implementation represents a major investment for the Member States and the Commission. The Council EMPHASISES and supports the needs for a swift adoption of the ESA 2010 Regulation.
- The Council WELCOMES the progress made in meeting the needs on structural statistics and UNDERLINES the need for further work in this area, as outlined in the EPC Report. In particular, the Council CALLS UPON Eurostat and the Member States to draw up an action plan to significantly improve the timeliness of statistics on inequality, poverty, income and social exclusion in the context of Europe 2020.

Efficiency and priority setting. The modernisation of the European Statistical System (ESS)

- The Council WELCOMES the developments on the modernisation of the European Statistical System and AGREES that improvements in the efficiency of European statistics are essential, and that this could be a good long-term strategic option, especially in combination with a well-functioning priority-setting and simplification strategy, while at the same time ensuring the high quality of statistics in all Member States and taking into account the cost-benefit principle.
- The Council ACKNOWLEDGES that prioritisation in the development and production of statistics based on a strategic priority setting mechanism together with modern methods of statistical production as outlined in the Commission Communication 404/2009 are important elements in the process of efficient use of resources and channelling them into priority areas. Greater progress should also be made in the identification of negative priorities.
- The Council ACKNOWLEDGES that efficiency gains should be searched in particular through a more integrated ESS, as far as they are carefully assessed. For instance, it WELCOMES the exploration of the possibilities for an interoperable European system business registers (ESBRs) and towards single market statistics (SIMSTAT), that need to be fully examined for their potential to reduce burdens, maintain quality of all statistics, also in comparison to any other relevant option.
- It CALLS UPON Member States and the Commission to secure resources and to enhance the collaboration within the ESS based on a sound distribution of roles and tasks between its members, following cost-benefit analyses before implementation of major modernisation projects.

The European Court of Auditors report 'Did the Commission and Eurostat improve the process for producing reliable and credible European statistics'

- The Council TAKES NOTE of the Special Report 12/2012 'Did the Commission and Eurostat improve the process for producing reliable and credible European statistics', which examines whether the Commission and Eurostat have taken all steps necessary to fulfil their role in achieving the implementation of the Code of practice throughout the ESS and whether Eurostat manages the European statistical programme as a tool for improving the production of European statistics well. The Council WELCOMES that many of the elements expressed in the report are being addressed, including with the Commission decision on Eurostat of September 2012, the proposals for amending Regulation 223/2009, and the European Statistical Programme 2013-2017. The ongoing work on amending Regulation 223/2009 should also contribute to better implement the code of Practice.
- The Council IS AWARE that the European statistics Code of Practice represents a challenge for the ESS and will continue to support the ESS efforts to fully implement it.

- The Council NOTES that the proposed Regulation on the European Statistical Programme 2013-2017 includes provisions for putting in place a strategic prioritisation approach and implementing more efficient methods for producing high-quality European statistics, in order to better allocate scarce resources. The Council WELCOMES these new developments.
- The Council ENCOURAGES the Commission and Eurostat to continue the actions and efforts aimed at addressing the points raised by the Court of Auditors.

INVITES Eurostat to inform the EFC on progress in meeting the points raised by the Court of Auditors."

FOREIGN AFFAIRS

Relations with Libya

The Council approved a memorandum of understanding between the Government of Libya and the EU on cooperation in the area of capacity building for crisis response coordination and public security. Both sides intend to cooperate with a view to strengthening the capacities of the Libyan government to respond to crises, enhancing the Libyan police's local risk detection and crime investigation capability, continuing efforts on mine clearance and countering the illicit spread of small arms and light weapons.

Anti-personnel mines

The Council allocated EUR 1.03 million from the EU budget to promote the implementation of the Ottawa Convention on Anti-Personnel Mines.

In particular, funds will support the efforts of states parties to implement their victim assistance and mine clearance commitments as contained in the Cartagena Action Plan, adopted at the second review conference of the Convention in December 2009.

European diplomatic programme

The Council approved an updated European Diplomatic Programme, as set out in 15086/12. The programme was established in 1999 and is designed to provide common diplomatic training at the EU level and foster the development of personal networks among EU diplomats and officials.

DEVELOPMENT COOPERATION

European development fund: financial contributions to be paid by the member states

The Council adopted a decision on the financial contributions to be paid by the member states to finance the European development fund in respect of the third instalment for 2012 ([15523/12](#)).

HUMANITARIAN AID

Food assistance convention

The Council adopted a decision on the conclusion, on behalf of the European Union, of the food assistance convention. The objectives of this convention are to save lives, reduce hunger, improve food security and improve the nutritional status of the most vulnerable populations. For more information, see [12267/12](#).

COMMON SECURITY AND DEFENCE POLICY

EU crisis management operations

The Council authorised the opening of negotiations for Agreements between the EU and Georgia, as well as between the EU and the Republic of Korea, establishing a framework for their participation in EU crisis management operations.

Warehouse for EU civilian missions

The Council decided to establish a warehouse for EU civilian crisis management missions.

The warehouse, which will be located in a member state, will aim to ensure rapid deployment of new and used equipment for existing and future civilian crisis management missions. It will replace the temporary solution of storing spare equipment within the premises of the EU police mission in Bosnia and Herzegovina.

The budget for this warehouse is EUR 4.3 million. A warehouse operator will be chosen by the European Commission through a procurement procedure.

Comprehensive nuclear-test-ban treaty organisation

The Council allocated EUR 5 million from the EU budget to support the activities of the Preparatory Commission of the Comprehensive Nuclear-Test-Ban Treaty Organisation (CTBTO). This will support the strengthening of capabilities to verify nuclear explosive tests so as to monitor compliance with the Comprehensive Nuclear-Test-Ban Treaty, which – once in force – will ban all nuclear tests globally.

In particular, the funds will enable the CTBTO to provide technical assistance to signatory states so that they will be able to fully participate in the monitoring and verification system. It will also help to improve its detection capabilities relating to possible nuclear explosions, as well as the verification of possible explosions through on-site inspections. The promotion of the Comprehensive Nuclear-Test-Ban Treaty through training programmes will also be financed.

The EU is committed to strengthening the international policy framework in the area of non-proliferation and disarmament and continues to promote the entry into force of the Comprehensive Nuclear-Test-Ban Treaty. In past years, it has already provided EUR 10 million to the CTBTO.

GENERAL AFFAIRS

European Year of Citizens (2013)

The Council adopted a decision designating 2013 as the European Year of Citizens ([PE-CONS 49/12](#)).

The decision, which follows an agreement with the European Parliament, seeks to enhance awareness and knowledge of the rights and responsibilities attached to Union citizenship.

To this end, a number of initiatives will be organised at EU, national, regional and local levels, including: information and education campaigns, conferences, hearings and other events to promote debate on the concept of Union citizenship and the rights stemming from it, and the exchange of experience and best practices among public and civil society organisations.

The right to move and reside freely within EU territory is highly valued by citizens as a core individual right linked to Union citizenship. However, in its report entitled "Dismantling the obstacles to EU citizens' rights"¹, the Commission addressed the main obstacles which citizens still encounter in their daily lives when they seek to exercise their rights as Union citizens, in particular in cross-border situations, and outlined 25 actions to remove those obstacles. One of the obstacles identified was lack of information.

The European Year of Citizens 2013 is one of the themes identified by EU experts as a communication priority, together with the economic recovery and the elections to the European Parliament in 2014.

The year 2013 will mark the twentieth anniversary of the establishment of citizenship of the Union, which was enshrined in the Treaty of Maastricht in 1993.

The Treaty of Amsterdam in 1999 and the Treaty of Lisbon in 2009 further strengthened the rights associated with Union citizenship. The latter provides that every person holding the nationality of a member state is a citizen of the Union. Citizenship of the Union is additional to, and does not replace, national citizenship of a member state.

JUSTICE AND HOME AFFAIRS

Automated data exchange with Estonia

The Council adopted a decision on the launch of automated data exchange regarding dactyloscopic data in Estonia ([15242/12](#)). The evaluation procedure required by Council Decision 2008/616/JHA² concluded that the general provisions on data protection are fully implemented by Estonia and therefore this country is entitled to start receiving and supplying personal data for the purpose of prevention and investigation of criminal offences, as from the date of the entry into force of this decision.

¹ http://ec.europa.eu/justice/citizen/files/com_2010_603_en.pdf

² [OJ L 210, 6.8.2008.](#)

Automated data exchange with Lithuania

The Council adopted a decision on the launch of automated data exchange concerning Vehicle Registration Data (VRD) in Lithuania ([15235/12](#)). The evaluation procedure required by decision 2008/616/JHA ¹ concluded that the general provisions on data protection are fully implemented by Lithuania and this country is therefore entitled to receive and supply personal data for the purpose of prevention and investigation of criminal offences, as from the date of the entry into force of this decision.

TRADE POLICY

Australia - New Zealand - Agreements on mutual recognition

The Council approved amendments to the EU/Australia and EU/ New Zealand agreements on mutual recognition in relation to conformity assessment, certificates and markings.

The amendments are intended to allow greater flexibility, remove unnecessary restrictions on trade, reduce the administrative burden and facilitate and clarify the operation of the agreements.

The agreements on mutual recognition with these countries entered into force in January 1999.

INTERNAL MARKET

Motor vehicles type-approval

The Council adopted a decision on the position to be taken by the EU within the administrative committee of the United Nations Economic Commission for Europe (UNECE) concerning a draft regulation on enhanced child restraint systems used on board motor vehicles ([15301/12](#)).

It also adopted a decision on the position to be taken within other relevant committees of the UNECE regarding the adaptation to technical progress of several regulations ([15366/12](#)).

UNECE regulations are intended to remove technical barriers to trade in motor vehicles and to ensure that such vehicles offer a high level of safety and protection.

¹ [OJ L 210, 6.8.2008.](#)

RESEARCH

High flux reactor research programme

The Council adopted a decision on the continuation of the supplementary research programme of the High Flux Reactor (HFR) for the years 2012 to 2015 ([14732/12](#)).

The main objectives of the programme are to ensure the safe and reliable operation of the HFR in order to guarantee the availability of the neutron flux for experimental purposes, and to allow an efficient use of the HFR by research institutes in a broad range of disciplines.

The reactor is located in Petten, in the Netherlands, and the programme is implemented by the Joint Research Centre for the European Atomic Energy Community.

The Netherlands, France and Belgium finance this programme through contributions made to the general budget of the EU by way of assigned revenue.

ENERGY

Energy Star

The Council adopted a decision approving the signing and conclusion of the Agreement between the Government of the United States of America and the European Union on the coordination of energy-efficiency labelling programmes for office equipment ([9890/12](#)).

The agreement aims to continually reduce the energy consumption of office equipment such as computers, displays, printers, copiers *etc.* It will cover a five-year period.

TRANSPORT

Training of seafarers *

The Council adopted a directive defining the minimum level of training for seafarers (directive: 40/12, statement: [15639/12 ADD 1](#)), following the approval by the European Parliament of the agreement reached in the negotiations between the two institutions.

The directive is aimed at aligning EU legislation with recent amendments to the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (STCW). It updates the 2008 directive on training for seafarers, which provides for the enactment of the STCW in EU law.

The amendments to the STCW agreed by the International Maritime Organisation (IMO) in 2010 concern in particular the standards for medical fitness and fitness for duty, the establishment of new professional profiles, security-related training, the definition of certificates and the prevention of fraudulent practices relating to certificates. The new directive incorporates these amendments into EU law, while adapting the STCW provisions on watchkeeping in order to bring them into line with EU rules on working time for seafarers.

In addition, the directive extends the time frame available to the Commission for deciding on the recognition of the training and certification systems of non-EU countries from three to eighteen months, as the three-month deadline has proved impracticable. The new directive also provides for the collection of information on seafarers' certificates for statistical purposes, as a tool for policy-making in this sector.

Civil aviation rules

The Council decided not to oppose the adoption by the Commission of an update aligning the environmental protection requirements of the EU's common rules on civil aviation with the amendments made to the Convention on International Civil Aviation ("Chicago Convention") ([15671/12](#)).

Besides referring to the amended rules of the Chicago Convention, the update lays down transitional measures allowing member states, until 31 December 2016 and under certain conditions, to grant exemptions from the NOx emissions production cut-off requirement contained in the Convention.

The Commission's draft regulation, which amends regulation 216/2008 on common rules in the field of civil aviation, is subject to the regulatory procedure with scrutiny. Now that the Council has given its consent, the Commission may adopt it, unless the European Parliament objects.

AGRICULTURE

Quality schemes for agricultural products

The Council adopted a regulation on quality schemes for agricultural products and foodstuffs following a first reading agreement with the European Parliament ([41/12](#)). This regulation should achieve a simplified regime for the quality schemes under one single legal instrument and a more robust framework for the protection and promotion of quality agricultural products.

For further details, see [16069/12](#).

Seeds for sowing and reproductive forest material

The Council adopted amendments as regards decisions on the conditions of marketing of seeds for sowing and reproductive forest material, following a first reading agreement with the European Parliament:

- amendment to decision 2003/17/EC by extending its period of application and by updating the names of a third country and of the authorities responsible for the approval and control of the production ([55/12](#));
- amendment to decision 2008/971 as regards the inclusion of forest reproductive material of the 'qualified' category within the scope of that decision and the updating of the name of the authorities responsible for the approval and control of the production, following a first reading agreement with the European Parliament ([54/12](#)).

As regards the marketing of seeds for sowing, directives regulate the internal marketing of such seeds. To facilitate trade, those directives allow the Council to establish rules for authorising imports of seed under an equivalence system from third countries.

Decision 2003/17/EC laid down the list of countries to be recognised for the application of the equivalence principle for imports and the detailed requirements to be fulfilled, and in particular specified that the period for which equivalence is recognised should be limited to five years if all the relevant requirements are fulfilled. That period will expire on 31 December 2012. In order to ensure the necessary supply of seed to the EU market, these rules must be prolonged by amending the deadline to 31 December 2022. This would avoid expiry of recognition within the process of the review of this legal framework, which is about to be initiated.

With regard to the marketing of reproductive forest material, directive 1999/105/EC regulates the internal marketing of such material. To facilitate trade, the directive offers the Council the possibility of establishing rules for authorising imports of reproductive material from third countries under an equivalence system. Decision 2008/971/EC provided the list of countries to be recognised for the application of the equivalence principle for imports and determined the conditions governing such imports in the EU.

Based on new information received from the Organisation for Economic Cooperation and Development (OECD) the names of the authorities responsible for the approval and control of the production of several third countries have been changed and an additional condition specific to the 'qualified' category must be added to permit the harmonized implementation of directive 2001/18 on the deliberate release into the environment of genetically modified organisms.

According to the agreement between the Council and the Parliament, once all the procedural steps have been completed, including a vote by the Parliament at the plenary session, these amendments will be adopted by the Council and the European Parliament at first reading.

Court of Auditors report - Organic products

The Council adopted conclusions on special report 9/2012 of the European Court of Auditors entitled "Audit of the control system governing the production, processing, distribution and imports of organic products" ([15360/12](#)).

The control system of organic products plays a key role in ensuring consumer confidence, protecting consumer interests and ensuring the proper functioning of the internal market.

The Court outlined the intrinsic weaknesses of the system of import authorisation. However, a new system of recognised control bodies has been introduced, managed directly by the Commission and member states and ensuring harmonised application of the import regime at the EU borders. In this regard the Council has recalled that control systems in third countries recognised as equivalent for organic production should fulfil all EU regulatory requirements.

The Court's recommendations could be taken into account in the current assessment of the EU legal framework governing organic production currently performed by the Commission.

FISHERIES

Twelve nautical mile access regime - Transitional measures

The Council adopted an amendment to regulation 2371/2002 on the conservation and sustainable exploitation of fisheries resources under the Common Fisheries Policy (CFP) following a first reading agreement with the European Parliament ([53/12](#))

Regulation 2371/2002 (article 17(2)) establishes a derogation for the 12 nautical mile zone of member states (territorial waters) from the general equal access rule for EU fishing vessels to EU waters and resources, authorizing member states to restrict access to certain vessels in that zone. The access restrictions established on the basis of that derogation have reduced fishing pressure in the most biologically sensitive areas and have contributed to economic stability for small scale coastal activities.

This derogation is in place from 1 January 2003 to 31 December 2012 and the continuation of this measure is provided for in the proposals for the CFP reform currently being debated in the Council. The adopted amendment allows a provisional continuation of the 12 nautical mile access regime to ensure that fishing activities can continue without interruption from 1 January 2013 until the new legislative framework of the CFP is in place.

According to the agreement between the Council and the Parliament, once all the procedural steps have been completed, including a vote by the Parliament at the plenary session, this amendment will be adopted by the Council and the European Parliament at first reading.

FOOD LAW

Food additives - Plastic materials for food

The Council decided not to oppose the adoption of the following four Commission regulations:

- regulation amending annex II to regulation 1333/2008 authorising the use of Beeswax (E 901), Carnauba wax (E 903), Shellac (E 904) and Microcrystalline wax (E 905) on fruits that are mainly imported from countries with a tropical climate, i.e. bananas, mangoes, avocados, pomegranates, papayas and pineapples, in order to allow a better preservation ([13470/12](#));
- regulation amending annex II to regulation 1333/2008 authorising the use of extracts of rosemary (E 392) as an antioxidant in fillings of stuffed dry pasta ([13480/12](#));

- regulation amending annex II to regulation 1333/2008 allowing the use of sulphur dioxide-sulphites (E 220-228) as preservatives and of propane-1, 2-diol alginate (E 405) as a foam stabiliser in fermented grape must-based drinks ([13486/12](#));
- regulation amending and correcting regulation 10/2011 on plastic materials and articles intended to come into contact with food ([14269/12](#)).

The Commission regulations are subject to the regulatory procedure with scrutiny. This means that now that the Council has given its consent, the Commission may adopt them, unless the European Parliament objects.

TRANSPARENCY

Public access to documents

The Council approved:

- the reply to confirmatory application No 20/c/01/12 made by Mr Van den plas, with the Danish, Estonian, Dutch, Finnish, Slovenian and Swedish voting against ([14526/1/12 REV 1](#))