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3555th Council meeting

Economic and Financial Affairs

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President **Toomas Tõniste**
Minister for Finance of Estonia

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

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ITEMS DEBATED

PRESIDENCY WORK PROGRAMME

The Council discussed the priorities of the Estonian presidency as concerns economic and financial affairs.

In this field, the presidency work programme is aimed at achieving an open and innovative European economy. Its objectives are to:

- encourage economic growth by restoring investment levels and removing barriers to growth;
- ensure a competitive and fraud-proof tax environment;
- secure an EU budget that contributes to the EU's priorities.

The Estonian presidency runs from July to December 2017.

[2017 Estonian presidency programme](#)

CAPITAL MARKETS UNION - MID-TERM REVIEW

The Council adopted conclusions on the Commission's review of the EU's capital markets union action plan.

The Council renewed its commitment to the action plan, which is aimed at securing a fully-fledged capital markets union by the end of 2019. It supported a number of priority initiatives set out by the Commission.

The conclusions highlight good progress made on the plan so far, with nearly two thirds of actions already delivered. However, a number of challenges have emerged since it was launched in September 2015, and with them comes a need to strengthen the plan.

[Press release on July 2017 Council conclusions on the capital markets union action plan](#)

NON-PERFORMING LOANS - ACTION PLAN

The Council discussed non-performing loans (NPLs) in the banking sector, and adopted conclusions setting out an action plan to address the problem.

It welcomed a report prepared by a subgroup of its financial services committee, and broadly supported the policy options set out in it.

These relate to:

- bank supervision;
- the reform of insolvency and debt recovery frameworks;
- the development of secondary markets for NPLs ('distressed assets');
- restructuring of the banking industry.

The Council agreed that measures to address NPLs would be beneficial for the EU as a whole. Incentives for banks to deal with them proactively should be enhanced, whilst avoiding the disruptive effects of fire sales. Measures should both address existing stocks of NPLs and prevent a further accumulation of NPLs in the future.

The Council agreed to return to the issue regularly.

[Press release on July 2017 Council conclusions on non-performing loans in the banking sector](#)

OTHER BUSINESS

– *Financial services*

The Council took note of ongoing work on legislative proposals in the field of financial services.

[July 2017 progress report on financial services dossiers](#)

– *Tax intermediaries*

The Commission presented a proposal on transparency rules for intermediaries that design and promote tax planning schemes.

The proposed directive would require certain types of cross-border tax planning schemes to be reported to the tax authorities before being used. Member states would have to exchange the information they receive through a centralised database, giving early warning of new risks of tax avoidance.

[June 2017 proposal for a directive on transparency rules for tax intermediaries](#)

MEETINGS IN THE MARGINS OF THE COUNCIL

– ***Eurogroup***

The Eurogroup met on 10 July 2017. It discussed insolvency frameworks, recent developments in the banking sector, post-programme surveillance in Ireland, the euro area's fiscal stance for 2018 and the further development of the EU's economic and monetary union.

[Eurogroup main results](#)

– ***Ministerial breakfast***

Ministers held a breakfast meeting to discuss the economic situation. They also discussed recent developments in the banking sector.

OTHER ITEMS APPROVED

ECONOMIC AND FINANCIAL AFFAIRS

Country-specific recommendations

The Council issued recommendations to the member states on their economic, employment and fiscal policies.

It issued 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 23 June, concludes the 2017 'European Semester' policy monitoring process.

[Press release on the 2017 country-specific recommendations](#)

FOREIGN AFFAIRS

EU-Ukraine association agreement

The Council adopted a decision approving the conclusion of the association agreement with Ukraine.

[Press release on July 2017 Ukraine: Council adopts EU-Ukraine association agreement](#)

Chemical safety and security in Ukraine

The Council adopted a decision on strengthened chemical safety and security in Ukraine, in line with UN Security Council resolution 1540 (2004).

The UN resolution, adopted in 2004, was the first international instrument to deal in an integrated and comprehensive manner with weapons of mass destruction, their means of delivery and related materials.

The decision is aimed at improving Ukraine's regulatory system on chemical safety and security, strengthening controls over the cross-boundary movement of controlled and toxic chemicals and establishing a Ukrainian national reference centre to identify such chemicals. The Council allocated budget of €1.43 million for implementation.

[EU-Ukraine relations, factsheet](#)

Relations with Uzbekistan

The Council endorsed the EU's position ahead of the 13th meeting of the **EU-Uzbekistan Cooperation Council**, to be held on 17 July 2017.

In its position, the EU highlights the importance of encouraging and offering support to ongoing reforms in Uzbekistan, deepening engagement with the new Uzbekistan government, promoting EU influence as a constructive and credible partner and agreeing on next steps in bilateral relations with Uzbekistan.

[EU-Uzbekistan Cooperation Council, 17 July 2017](#)

EU- former Yugoslav Republic of Macedonia Stabilisation and Association Council

The Council established a common EU position ahead of the 13th meeting of the Stabilisation and Association Council with the former Yugoslav Republic of Macedonia, which will take place in Brussels on 18 July 2017.

EUCAP Sahel Niger

The Council allocated a budget of €31 million for the EU's CSDP mission in Niger (EUCAP Sahel Niger) for the period 16 July 2017 - 15 July 2018.

In July 2016, the Council extended the mission mandate until 15 July 2018. EUCAP Sahel Niger was launched in 2012 and is aimed at helping to establish an integrated, coherent, sustainable and human rights-based approach among the various Nigerian security actors in the fight against terrorism and organised crime. EUCAP Sahel Niger provides advice and training to support the Nigerian authorities in strengthening their capabilities.

[EUCAP Sahel Niger](#)

EU support to priority sectors in Honduras

The Council welcomed a Court of Auditors' (ECA) special report on the effectiveness of EU support to priority sectors in Honduras.

It supported the Court's recommendations, including the need to enhance the consistency and focus of the EU's approach and the importance of strengthening the policy dialogue in priority sectors.

[European Court of Auditors \(ECA web page\)](#)

EUROPEAN ECONOMIC AREA

EEA financial mechanism 2014-2021

The Council adopted a decision approving the conclusion of the following instruments:

- agreement between the EU, Iceland, Liechtenstein and Norway on an EEA financial mechanism 2014-2021;
- agreement between Norway and the EU on a Norwegian financial mechanism for the period 2014-2021;
- additional protocol to the agreement between the European Economic Community and Norway; and
- additional protocol to the agreement between the European Economic Community and Iceland.

BUDGETS

European globalisation adjustment fund - Spain

The Council adopted a decision mobilising €1 million under the European globalisation adjustment fund (EGF) to provide support to 339 workers made redundant in five Spanish enterprises operating in the coal and lignite mining sector.

The redundancies are the result of the continued structural changes in world trade patterns due to globalisation.

The EGF helps workers to find new jobs and develop new skills when they have lost their jobs as a result of changing global trade patterns, e.g. when a large company shuts down or a factory is moved outside the EU, or as a result of the global financial and economic crisis. The help of the EGF consists of co-financing measures such as job-search assistance, careers advice, tailor-made training and re-training, mentoring and promoting entrepreneurship. It also provides one-off, time-limited individual support, such as job-search allowances, mobility allowances and allowances for participating in lifelong learning and training activities.

JUSTICE AND HOME AFFAIRS

Schengen evaluation - Croatia

The Council adopted decisions setting out recommendations to address deficiencies identified in the evaluation of Croatia, fulfilling the conditions necessary for the application of the Schengen acquis in the field of return ([11207/17](#)) and police cooperation ([11206/17](#)).

FISHERIES

Integrated Maritime Policy and the Common Fisheries Policy - Distribution of funds

The Council decided not to object to a Commission regulation amending regulation 508/2014 as regards the distribution of funds subject to direct management under the EU's Integrated Maritime Policy (IMP) and the Common Fisheries Policy (CFP) ([10393/17](#) + [ADD1](#)).

Article 14(1) of the regulation on the European Maritime and Fisheries Fund (EMFF) provides for €647.3 million for directly managed expenditure. The majority of these resources are allocated to measures enhancing the development and implementation of the IMP, as well as accompanying measures for the IMP and the CFP. Annex III to the EMFF regulation sets out an indicative distribution of these resources across the different measures.

The Commission regulation adjusts the indicative distribution set out in annex III in the light of the initial period of implementation of EMFF directly managed expenditure. The aim is to maximise the use of resources available, for the remainder of the programming period, in full compliance with the indicative distribution.

The 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.

Illegal, unreported and unregulated fishing - The Comoros - Saint Vincent and the Grenadines

The Council adopted amendments to decision 2014/170/EU on a list of countries not cooperating in the prevention of illegal, unreported and unregulated fishing.

It identified the Comoros ([10305/17](#)) and Saint Vincent and the Grenadines ([10307/17](#)) as non-cooperating third countries.

The main shortcomings identified by the Commission relate:

- as concerns the Comoros, to several failures to implement obligations under international law, linked in particular to: the failure to adopt an adequate legal framework and registration and licensing procedures; the lack of cooperation and information-sharing within the Comorian administration and with third countries where Comorian vessels operate; the lack of an adequate and efficient monitoring, control and surveillance system; and the lack of a deterrent sanctioning system;
- as regards Saint Vincent and the Grenadines, to several failures to implement obligations under international law, linked in particular to: the failure to adopt an adequate legal framework; the lack of an adequate and efficient monitoring, control and surveillance system; the lack of an observer scheme; and the lack of a deterrent sanctioning system. Other identified shortcomings relate, more generally, to compliance with international obligations, including regional fisheries management organisation recommendations and resolutions, and the conditions for registration of vessels according to international law.

Although both countries were given a reasonable period of time to resolve the shortcomings identified, it was considered that they had not been sufficiently addressed.

TRANSPORT

Cooperation with the Western Balkans

The Council adopted a decision approving the signing, on behalf of the EU, and provisional application of a treaty establishing a transport community with Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Kosovo, Montenegro and Serbia.

The parties are due to start signing the treaty at a Western Balkans summit in Trieste on 12 July 2017.

INTELLECTUAL PROPERTY

Intellectual Property Office

The Council decided not to object to a Commission regulation supplementing [the EU trade mark regulation](#).

The [regulation](#) is aimed at enhancing transparency, effectiveness and efficiency in proceedings before the EU Intellectual Property Office, and to adapt them to market reality and the everyday needs of users.

The Commission 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.
