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## PRESS RELEASE

3343rd Council meeting

### Economic and Financial Affairs

Brussels, 7 November 2014

President **Pier Carlo PADOAN**  
Minister for Economic Affairs and Finance of Italy

# P R E S S

## **Main results of the Council**

*The Council recognised the unprecedented scale of this year's revision of the revenue to the **EU budget** and its impact on some member states' national treasuries. It invited the Commission to propose a revision of the regulation on own resources allowing member states concerned to defer the required payments over a period ending on 1 September 2015. The Council also recognised the need to address the high level of unpaid claims and to work constructively on adopting a position on the draft amending budgets for 2014 in a timely manner.*

*The Council adopted conclusions on **EU statistics** and on the finance aspects of climate policy, in preparation for a conference of the parties of the UN framework convention on **climate change**.*

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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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**ITEMS DEBATED****STATE OF PLAY OF BUDGET NEGOTIATIONS**

The Council took note of the following presidency conclusions on the budgetary issues in the current year and on the request to the Commission to submit a proposal for amendment of regulation:

"The Commission has informed of the outcome of the annual corrections to the VAT-and GNI-based own resources, pursuant to Article 10, paragraphs 4 to 8 of Regulation (EC, Euratom) No 1150/2000. In particular due to the major revisions of the GNI of several Member States, their additional contributions to the EU budget will be substantial. In addition, the regulatory delay until the payment date of the first working day of December is short. This may result in exceptionally high fiscal implications for those Member States.

The Council therefore invites the Commission to come forward with a proposal for a targeted and limited amendment to the Council Regulation No 1150/2000 to take account of such exceptional circumstances. This should allow for the Member State concerned to defer the required payment over a reasonable period of time (no later than 1 September). For the sake of equal treatment of all Member States, deferral should then be an option for all if the overall sum of the GNI balances is exceptionally high. Taken into account the tight deadlines, this amendment should come into effect by the 1 December this year (retroactively if needed).

At the same time, recognising the need to address the unprecedented increase of unpaid claims across all headings and programmes in the EU budget, the Council agrees to work constructively, including the use of the flexibility instruments agreed in the MFF 2014-2020, to adopt a position on the draft amending budgets for 2014 in a timely manner, while recalling the position already adopted by the Council on the draft budget for 2015."

## **TAXATION: PARENT SUBSIDIARIES DIRECTIVE - ANTI-ABUSE CLAUSE**

The Council discussed a draft amendment to EU tax rules aimed at stopping tax avoidance and aggressive tax planning by corporate groups.

A large majority of member states were ready to support a compromise text proposed by the presidency ([14531/1/14 REV 1](#)). All expressed their commitment to work constructively towards an agreement at the Council meeting on 9 December 2014. The Netherlands and the United Kingdom indicated that they awaited parliamentary scrutiny. Belgium and the Netherlands suggested using the remaining weeks to further clarify the text.

The proposal would introduce a binding anti-abuse clause in the EU's parent-subsidiary directive. The clause would prevent misuses of the directive and ensure greater consistency in its application in different member states. It would require governments to refrain from granting the benefits of the directive to an arrangement, or a series of arrangements, that are not 'genuine' and have been put in place to obtain a tax advantage, rather than for valid commercial reasons reflecting economic reality.

The draft anti-abuse clause is formulated as a common EU "de minimis" rule. It would allow member states to apply stricter national rules, as long as they meet minimum EU requirements.

The issue of corporate tax avoidance is a high political priority internationally and has recently raised considerable attention in the media. The OECD's work on base erosion and profit shifting has been endorsed as the way forward at recent G20 and G8 meetings.

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



## **FINANCIAL TRANSACTION TAX**

The Council discussed a proposal aimed at introducing a financial transaction tax (FTT) in 11 member states through the "enhanced cooperation" procedure. The presidency reported on work carried out so far ([14949/14](#)) and the Council discussed outstanding issues.

The presidency indicated that work would be intensified to enable an agreement in the near future, with the aim of implementing a first phase of the FTT from 1 January 2016.

It noted that the participating member states agree that transactions in shares of companies listed on stock exchanges should be subject to the FTT. However, further work is required on derivatives to be subject to the FTT.

The 11 countries participating in enhanced cooperation on the FTT are Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain. Enhanced cooperation was authorised in January 2013 by Council decision 2013/52/EU ([16977/12](#)), after a September 2011 proposal for an EU-wide FTT failed to obtain unanimous support.

The Commission's proposal now under discussion was tabled in February 2013 ([6442/13](#)). It requires unanimous agreement of the participants, while other member states can also participate in deliberations.

The proposal has the same scope and objectives as the Commission's initial proposal for an EU-wide FTT. It involves a minimum 0.1% tax rate for transactions in all types of financial instruments, except for derivatives that would be subject to a minimum 0.01% tax rate.

The proposal sets out to:

- ensure that the financial sector makes a fair contribution to the costs of the financial crisis;
- create a level playing field with other sectors in terms of taxation;
- discourage transactions that do not enhance the efficiency of financial markets.

The proposal is based on article 113 of the Treaty on the Functioning of the EU and decision 2013/52/EU authorising enhanced cooperation. It requires unanimous agreement of the participants (within the Council), after consulting the European Parliament.

## **E.U. STATISTICS**

The Council adopted conclusions on EU statistics as part of an annual review of statistical governance.

EU policy frameworks rely increasingly on the timely provision of high quality socio-economic statistics. These play an important role in planning, decision-making and the monitoring of policy initiatives.

The Council conclusions highlight this. With reference to the EU's macroeconomic imbalance procedure and structural statistics, they welcome progress towards the modernisation of the European statistical system (ESS).

The conclusions also endorse an annual report from the Economic and Financial Committee (EFC) on information requirements under EU economic and monetary union.

Since 2006, the EFC and the Economic Policy Committee have once a year taken stock of statistical needs to support the work of the Council. Modernisation of the ESS has been underway since 2009.

The ESS is a partnership between Eurostat, the EU's statistical authority, and national statistical institutes and other national authorities with responsibility for statistics. Its mission is to provide reliable and comparable statistics at EU level.

The text can be found in [13845/14](#).

## **U.N. FRAMEWORK CONVENTION ON CLIMATE CHANGE**

The Council adopted the following conclusions.

- "1. REAFFIRMS that the EU and its Member States are committed to scaling up the mobilisation of climate finance in the context of meaningful mitigation actions and transparency of implementation, in order to contribute their share of the developed countries' goal to jointly mobilise USD 100bn per year by 2020 from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources of finance. STRESSES the need for fair burden sharing amongst developed countries and REITERATES its call for emerging economies to contribute to financing adaptation and mitigation of climate change in line with their respective capabilities and responsibilities.
  
2. HIGHLIGHTS that the EU and its Member States exceeded their Fast Start Finance Commitment to provide EUR 7.2bn between 2010 and 2012. HIGHLIGHTS the contribution of EUR 9.6bn<sup>1</sup> in climate finance from the EU and its Member States for the year 2013.
  
3. EMPHASISES the potential of the Green Climate Fund to be an important channel for supporting transformational change to low GHG emission and climate resilient economies. WELCOMES the operationalisation of the Green Climate Fund including the decisions to aim for a 50:50 balance between mitigation and adaptation over time and maximise the engagement with the private sector. WELCOMES the on-going process of initial resource mobilisation, in particular the early announcements by a number of countries. WELCOMES in particular contributions already put forward by some developing countries. HIGHLIGHTS that a substantial share of the early announcements so far comes from EU Member States. URGES all countries that are in a position to do so to contribute substantially to the Green Climate Fund. LOOKS forward to a successful first pledging conference on 19-20 November 2014. EMPHASISES the importance of further developing the policies and procedures for the Green Climate Fund so that it can effectively receive and disburse funds before the COP21 in order to deliver transformational change as soon as possible.
  
4. EMPHASISES that the most sustainable and effective strategies for scaling up climate finance draws on a wide variety of sources. HIGHLIGHTS the efforts of the EU and its Member States to scale up climate finance as set out in the submissions on the strategies and approaches. RECALLS that scaling up climate finance is an iterative process which goes hand in hand with national governments developing enabling environments investment strategies and projects which should all include the facilitation of private sector action.

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<sup>1</sup> This figure includes climate finance sources from public budgets and other development financial institutions.

5. RECOGNISES that climate finance will be an important part of the 2015 Agreement as a means to reaching the agreed goal of limiting the global average temperature increase to below 2°C above pre-industrial levels and achieving low GHG, climate-resilient sustainable development. Public climate finance will continue to play an important role post 2020. It should be used in the most cost effective and efficient way that delivers the greatest possible impact whether in mitigation, adaptation or capacity building. STRESSES the importance of the 2015 Agreement for shifting investment patterns towards low emission, climate resilient economies and societies. The Agreement needs also to reflect the importance of the private sector as a key source for climate finance and relevant investment flows, recognising that private sector finance is complementary to, but not a substitute for public sector finance, where public finance is needed. WELCOMES the positive announcements by the private sector at the UN Climate Summit on 23 September 2014.
6. HIGHLIGHTS that there is a role for all parties to implement a range of actions in line with evolving responsibilities and capabilities. Some actions should be taken by all Parties and others by the more capable. This diversity of roles and actions should be captured in the 2015 Agreement. Actions could range from improving domestic enabling environments for facilitating low GHG emission and climate-resilient sustainable investments, to mainstreaming climate considerations into public policies, to promoting the inclusion of climate issues in private investment decisions and to mobilising international climate finance. UNDERLINES that the 2015 Agreement's provisions on climate finance need to be dynamic and able to adapt to changing realities and needs by reflecting Parties evolving capabilities, and responsibilities.
7. RECOGNISES that it is important to support adaptation to make developing countries' development strategies and livelihoods climate-resilient. The EU and its Member States are making efforts to channel a substantial share of public climate finance towards adaptation, especially by addressing the needs of the particularly vulnerable developing countries. In this regard, the Green Climate Fund will play a key role.
8. RECALLS that enabling environments to facilitate actions on both mitigation and adaptation are essential to achieving low greenhouse gas emissions as well as climate resilient development, such as via domestic plans, climate strategies, policies, instruments and mechanisms and conducive regulatory frameworks. Carbon pricing is one of the key components of an enabling environment and can be achieved through a variety of tools. These can include for example the phasing down of high carbon investment and fossil fuel subsidies. In this respect, WELCOMES the World Bank Carbon Pricing Statement as announced at the UN Climate Summit on 23 September 2014. HIGHLIGHTS the intention of several EU Member States to limit the provision of aid financing for coal-related projects.

9. **CALLS** for contributions to ensure an adequate replenishment of the Montreal Protocol's Multilateral Fund that will facilitate multilateral support for an amendment to the Protocol to allow a phase down of the production and consumption of hydro fluorocarbons, which is one of the most cost effective ways of reducing GHG emissions in the short-term.
10. **REITERATES** that a robust and harmonized measuring, reporting and verification framework and the development of clear and common definitions to ensure the necessary transparency and trust are needed. **SUPPORTS** strengthened transparency and acceleration of the work towards such common internationally agreed frameworks for MRV of climate finance flows, and in particular welcomes the work of the OECD Research Collaborative on tracking private climate finance and the OECD DAC work stream on Rio markers review as well as the work of the Standing Committee on Finance on Biennial Assessment and overview of climate finance flows.
11. **HIGHLIGHTS** the importance of transparency with regards to climate finance, including private climate finance. A common understanding of private climate finance should be simple and flexible in order to keep the administrative burden of reporting at a minimum. It should also create the right incentives, encouraging countries to mobilise and use climate finance with the aim of promoting mitigation and adaptation in the most efficient way. Without prejudice to future international agreements, the EU will, in relation to the committed goal by developed countries to mobilise jointly USD 100bn per year by 2020 from a wide variety of sources in the context of meaningful mitigation action and transparency on implementation, as a starting point, apply an understanding of private climate finance, which specifies that these financial flows are: 1) mobilised by public finance, or by a public intervention, including in the sphere of policy and regulatory reform, and 2) climate relevant in accordance with criteria used by relevant international organisations such as the OECD and Multilateral Development Banks.
12. **EMPHASISES** that the EU is ready to engage in an active dialogue at the in-session high-level Ministerial Dialogue on climate finance in Lima."

## **OTHER BUSINESS**

– *Ongoing work on legislative dossiers*

The Council took note of ongoing work on financial services dossiers.

– *Standard VAT return*

The presidency reported on ongoing work on a proposal to introduce a standard VAT return with the aim of reducing burdens on businesses, particularly SMEs. The Council held a brief discussion and the presidency agreed to reflect on the best possible way forward to enable an agreement.

## **MEETING IN THE MARGINS OF THE COUNCIL**

Ministers of the euro area member states attended a meeting of the Eurogroup on 6 November. They discussed Cyprus's and Greece's economic adjustment programmes, banking union (euro area aspects), follow-up to the Euro Summit (debrief) and the economic situation and fiscal policy stance.

## **OTHER ITEMS APPROVED**

### **ECONOMIC AND FINANCIAL AFFAIRS**

#### **Single Resolution Board: contributions for administrative costs**

The Council decided not to object to the adoption by the Commission of a regulation on the provisional system of instalments on contributions to cover the administrative expenditures of the Single Resolution Board during a provisional period.

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

In July 2014, the Council adopted a regulation establishing a single resolution mechanism for failing banks ([11814/14](#)).

#### **Review of the European System of Financial Supervision**

The Council adopted conclusions on the review of the European System of Financial Supervision ([14681/14](#)).

In August 2014, the Commission presented two reports on the mission and organisation of the European Systemic Risk Board ([12446/14](#) + [ADD 1](#)) and on the operation of the European Supervisory Authorities and the European System of Financial Supervision ([12447/14](#) + [ADD 1](#) + [ADD 2](#)).

#### **Capital requirements directive: Technical standards**

The Council decided not to object to the adoption by the Commission of a regulation supplementing the so-called capital requirements directive ("CRD4") 2013/36/EU with regard to the methodology for the identification of global systemically important institutions and the definition of subcategories of global systemically important institutions.

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



## Statistics - Research and development expenditure

The Council decided to object to the adoption by the Commission of a regulation concerning data on research and development expenditure ([15147/14](#) + [12515/14](#)).

The draft regulation seeks to establish a data transmission format as required by regulation 549/2013 on the European system of national and regional accounts. The Council considers however that the text does not respect conditions set out in article 7(5) of regulation 549/2013 as concerns the delegation of powers to the Commission.

The draft regulation is a delegated act pursuant to article 290 of the Treaty on the Functioning of the EU. Given that the Council objects to the text, it cannot be published or enter into force.

## Economic governance - Euro area member states ("Two-pack")

The Council endorsed a new consolidated text of a code of conduct specifying obligations for euro area member states under the stability and growth pact, the EU's fiscal rulebook ([14928/14](#)).

Implementing two fiscal policy regulations ("two-pack"), in July 2013 the Council endorsed a code of conduct containing commonly agreed guidelines for harmonised frameworks for the member states' draft budgetary plans and for debt issuance reports.

The changes to that code now endorsed relate to:

- the submission of draft budgetary plans not reflecting a proper draft budget but only a no-policy change scenario;
- the submission of draft budgetary plans showing particularly serious non-compliance with the stability and growth pact and the ensuing consultation with the concerned member state.

## VAT derogation - Latvia, Lithuania - Small businesses

The Council adopted decisions authorising Latvia and Lithuania, by way of derogation from Article 287 of directive 2006/112/EC, to continue exempting small businesses from VAT payments under certain conditions. The measures exempt taxable persons whose annual turnover is no higher than €50,000 and €45 000 respectively.

The derogations will apply until 31 December 2017. For Lithuania it will extend an earlier decision that will expire on 31 December 2014. In Latvia a previous derogation had expired on 31 December 2013.

### **VAT derogation - Estonia - Passenger cars**

The Council adopted a decision authorising Estonia to introduce a measure derogating from the EU's directive on VAT (2006/112/EC) as concerns the right to deduct VAT in relation to passenger cars ([14521/14](#) + [14739/1/14 REV 1](#)).

The decision will apply until 31 December 2017. It enables Estonia to limit to 50% the right to deduct VAT on expenditure on passenger cars not wholly used for business purposes. Such expenditure covers the purchase, leasing, intra-EU acquisition and import of passenger cars, as well as related expenditure such as the purchase of fuel.

### **Saint-Barthélemy - Savings tax and administrative cooperation**

The Council adopted a decision approving the conclusion of an agreement between the EU and France concerning the application to the collectivity of Saint-Barthélemy of EU legislation on the taxation of savings and administrative cooperation in the field of taxation ([14530/14](#)).

The agreement was signed on 17 February 2014, subject to its conclusion at a later date.

## **FOREIGN AFFAIRS**

### **Iran - Restrictive measures**

The Council approved amendments of a legal nature to the list of persons and entities subject to EU restrictive measures against Iran.

### **Central African Republic - EU military operation**

The Council extended the European Union military operation in the Central African Republic (EUFOR RCA) by three months until 15 March 2015. The common costs of the operation for the period from 16 December 2014 until 15 March 2015 are estimated to be €5.7 million. The Council also adjusted the operational plan to the extended mandate. For more details, see press release.

## **EUROPEAN ECONOMIC AREA**

### **Amendments to protocol to the EEA agreement**

The Council adopted decisions on the positions to be adopted, on behalf of the EU, in the EEA joint committee concerning amendments to Protocol 31 to the EEA agreement.

The amendments concern a health programme ([12733/14](#)), budget lines ([12736/14](#)), consumer protection ([12739/14](#)), Galileo ([12744/14](#)), satellite navigation ([12747/14](#)) and the Copernicus programme ([13492/14](#)). These amendments are necessary in order to incorporate relevant EU legislation in the EEA agreement.

**INTERNAL MARKET****Type approval of motor vehicles**

The Council approved the position to be taken by the EU within the United Nations Economic Commission for Europe (UNECE) in support of technical progress adaptations to a number of UNECE regulations, which includes the new Global Technical regulation on tyres ([14723/14](#)), the draft new regulation on pole side impact ([14831/14](#)) and the draft new regulation on hydrogen and fuel cell vehicles ([14823/14](#)).

The UNECE develops, at international level, harmonised requirements intended to remove technical barriers to the trade in motor vehicles and systems with a view to increasing the level of safety and environmental protection.

**COMPANY LAW****Accounting requirements for companies - Croatia**

The Council adapted the [Accounting Directive 2013/34/EU](#) to take into account the accession of Croatia to the EU on 1 July 2013 ([14017/14](#)).

Directive [2013/34/EU](#), adopted by the Council prior to the accession of Croatia to the EU, lays down accounting rules applicable to EU companies with the objective of reducing administrative burdens and simplifying accounting rules, particularly for small and medium-sized enterprises; increasing the clarity and comparability of financial statements and enhancing transparency on payments made to governments by the extractive industry and loggers of primary forest.

**AGRICULTURE****Spirits - Amendment of the list of geographical indications**

The Council decided not to oppose the adoption of a Commission's amendment to annexes II and III to regulation 110/2008 on the definition, description, presentation, labelling and the protection of geographical indications of spirit drinks ([5178/14](#)).

'Pacharán' is a spirit drink made by the maceration of sloes (*Prunus spinosa*) in ethyl alcohol of agricultural origin traditionally produced in Spain. The amendment to annex II adjusts the specifications of the categories of some spirit drinks by the creation of a new category named 'Sloe-aromatised spirit drink or *Pacharán*'. Furthermore, the amendment to annex III provides for the transfer of the geographical indication '*Pacharán navarro*', from the category 'Other spirit drinks' under the category 'Sloe-aromatised spirit drink or *Pacharán*' in the same annex.

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

## **TRANSPORT**

### **Interoperability of railways - Telematics applications for freight services**

The Council decided not to oppose adoption by the Commission of a regulation on the technical specification for interoperability relating to the "telematics applications for freight" subsystem of the European rail system and repealing regulation 62/2006 ([12761/1/14 REV 1](#) + [ADD 1 REV 1](#)).

The purpose of this technical specification is to ensure an efficient interchange of information and to achieve a transport process that is as economically viable as possible. It covers applications for freight services and the management of connections with other modes of transport.

The draft regulation 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.

### **Aviation safety - Oxygen dispensing units**

The Council decided not to oppose adoption by the Commission of a decision authorising France to derogate from certain common aviation safety rules concerning supplemental oxygen dispensing units and outlets in an aeroplane passenger compartment ([13109/14](#) + [ADD 1](#)). The derogation is based on article 14(6) of regulation 216/2008.

Once the measure has been approved, all member states will be entitled to apply it.

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

## **ENVIRONMENT**

### **Wild fauna and flora**

The Council decided not to oppose the adoption of a Commission regulation amending Council Regulation (EC) No 338/97 on the protection of species of wild fauna and flora by regulating trade therein ([13677/14](#)).

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

**CULTURE / AUDIOVISUAL****Creative Europe programme - Switzerland**

The Council adopted a decision authorising the opening of negotiations with the Swiss Confederation for an agreement on the participation of this country in the Creative Europe Programme between the EU and the Swiss Confederation (14175/14).

The "Creative Europe" Programme (2014-2020)<sup>1</sup> has a budget of €1.46 billion and a two-fold objective: promoting cultural and linguistic diversity and enhancing the competitiveness of the cultural, audiovisual and creative sectors, taking into account in particular the challenges created by globalisation and digital technologies. It brings together in a single programme the three former independent programmes: CULTURE, MEDIA and MEDIA MUNDUS.

**EU-Korea - Cultural cooperation**

The Council adopted the position to be taken on behalf of the EU within the Committee on Cultural Cooperation set up by the Protocol on cultural cooperation to the Free Trade Agreement between the EU and its member states and the Republic of Korea, as regards the establishment of a list of 15 persons to serve as arbitrators in case of disputes (14244/14).

**APPOINTMENTS****European Economic and Social Committee**

The Council appointed Ms Anne DEMELENNE (Belgium) (14653/14) and Mr Henri WAGENER (Luxembourg) (14658/14) as members of the European Economic and Social Committee for the remainder of the current term of office, which runs until 20 September 2015.

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<sup>1</sup> OJ 347, 20.12.2013.

<sup>2</sup> OJ L 127, 14.5.2011