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3678th Council meeting

Economic and Financial Affairs

Brussels, 12 March 2019

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P R E S S

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- 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.

ITEMS DEBATED

EXCISE DUTIES

The Council discussed measures to improve the business environment for excise goods, in particular alcohol and alcoholic beverages, by ensuring fair competition and reducing administrative burden for companies.

The Council debated compromise texts on the following proposals:

– the directive on general arrangements for excise duty
– the regulation on administrative cooperation on the content of electronic registers
– the directive on the structures of excise duty on alcohol and alcoholic beverages.

Although experts made significant progress on these files, there are some open issues that could be solved at the May Ecofin.

Excise duties are indirect taxes on the sale or use of specific products, such as alcohol, tobacco and energy. The revenue from these taxes goes entirely to the country to which they are paid. Since 1992, EU countries have had in place common rules to make sure that excise duties are applied in the same way and to the same products everywhere in the EU.

In addition to the harmonisation of minimum rates of excise duty (which are not subject to a revision for the time being), EU law also sets out common provisions which apply to all products. On 25 May 2018, the Commission proposed a series of new rules on excise duties, covering both the general arrangements on excise duties and the structure of excise duties on alcohol.

General arrangements for excise duty

The aim of this proposal is to align the EU excise and customs procedures, so as to improve the freedom of movement for excise goods released for consumption in the single market while ensuring that correct tax is collected by the member states. It also aims to reduce the administrative and legal burden for small companies. The proposals contain a number of measures to streamline and simplify the processes covering export and import interaction and intra-EU movements of excise products.

The directive on general arrangements for excise duty sets out, inter alia, the guidance for amounts of excise duty goods that private individuals are allowed to acquire for their own use and transport from one member state to another without being taxed.

Harmonisation of structures of excise duties on alcohol and alcoholic beverages

The main objective of this proposal is to update the rules governing structures of excise duty on alcohol within the EU in order to improve business environment and reduce costs for small alcohol-producing businesses.

The proposal puts in place a uniform certification system in the EU for confirming the status of independent small producers, recognizable in all EU countries.

It introduces a solution concerning beverages like other fermented beverages and intermediate products across the EU which will resolve the current obstacle for small producers of such beverages which do not have access to the reduced rates afforded to small beer and ethyl alcohol producers.

The text also increases the threshold for lower strength beer that can benefit from reduced rates from 2,8% volume to 3,5% volume. This change will encourage more innovation and the development of new products and should encourage consumers to choose low-strength alcoholic beverages over standard ones, thereby reducing alcohol intake.

Over the course of negotiations, the Council took into account a variety of considerations, including health issues and efficient collection from alcohol excise in order to reach a compromise that could be acceptable to all delegations.

DIGITAL SERVICES TAX

The Council took stock of the progress achieved in the negotiations on the digital services tax, since the issue was last discussed at the ECOFIN meeting of 4 December 2018, on the basis of a new compromise text setting out a scope limited to digital advertising services.

The discussion revealed that despite the broad support from a large number of member states on this text, some delegations maintain reservations either on some specific aspects of the proposal or more fundamental objections.

In parallel, the Presidency will conduct work on the EU position in international discussions on digital tax, in particular in view of OECD's report on the issue, due in the course of 2020.

The digital services tax was proposed by the Commission on 21 March 2018, as part of a "digital taxation package". It is meant as an interim solution aimed at addressing the most urgent gaps in the taxation of digital activities, while ensuring a level playing field for all businesses.

INVEST EU

The Council discussed the issue of the location of InvestEU's investment committee secretariat at the Commission or at the European Investment Bank, without reaching any conclusion. The Presidency encouraged a dialogue between the two institutions in order to unlock the situation keeping in mind that the attention should not focus on the location per se, but on the proper set up that will ensure efficiency, transparency and best results.

On 20 February, EU ambassadors endorsed the Council's position on the Commission proposal on the InvestEU programme. On this basis, the presidency has initiated negotiations with the European Parliament. A first trilogue was held on 4 March.

The agreement excludes budget-related and horizontal issues which are currently being discussed as part of the negotiations on the EU's next multiannual financial framework (MFF) for the period 2021 to 2027.

InvestEU is a new EU programme bringing together 14 existing financial instruments currently available to support investment and job creation in the EU, in the context of the next multiannual financial framework (2021-2027). The aim of InvestEU is to encourage public and private investors' participation in financing and investment operations by providing guarantees from the EU budget to address failures and sub-optimal investment situations.

Press release on the Council's position on InvestEU (20 February 2019)

EUROPEAN SEMESTER

The Commission presented an overview of the country reports, and the in-depth reviews in the framework of the macroeconomic imbalance procedure, as published on 27 February. Ministers discussed the implementation of investment-related country-specific recommendations.

On 27 February, the Commission published 28 country reports on the progress made by member states in implementing reforms and in addressing the imbalances in member states' economies.

For 13 member states identified in the 2019 Alert Mechanism Report, the country reports also include in-depth reviews carried out under the macroeconomic imbalance procedure. The country concerned are: Bulgaria, Germany, Ireland, Greece, Spain, France, Croatia, Italy, Cyprus, the Netherlands, Portugal, Romania and Sweden. For the first this year, there is also a country report for Greece, following its exit from the macroeconomic adjustment programme.

The country reports showed that, since the introduction of the European Semester in 2011, all member states have made progress in implementing country-specific recommendations (CSRs), although the rate of progress varied. Member states have made at least ‘some progress' with the implementation of more than two thirds of the CSRs addressed to them. Most progress has been achieved in financial services, reflecting the priority given to measures to stabilise the financial sector in the aftermath of the economic and financial crisis. Member states have also made progress with the implementation of the recommendations on reforms to promote job creation on permanent contracts and to address labour market segmentation.

As a novelty this year, the Commission deepened the discussion on investment challenges and priorities in member states and set out first ideas as to how EU funds, in particular EU cohesion policy funds, could help in the forthcoming programming period 2021-2027. The objective was also to help ensuring a greater coherence between the coordination of economic policies and the use of EU funds, which are a significant part of public investment in several member states.

Ministers had an exchange of views on the implementation of the investment-related country-specific recommendations. The debate should reflect the great focus put on initiatives to facilitate investments in the context of the European Semester (25 member states were recommended to tackle bottlenecks to investment in their 2018 CSRs) as well as the evolving economic environment.

The discussion focused in particular on two aspects: the most important factors for creating an attractive investment climate and the future investment priorities in light of a more uncertain global economic environment.

Winter package - Commission communication on main findings of the country reports

Letter from the EFC president to the ECOFIN president on the implementation of CSRs focused on investment

EU LIST OF NON-COOPERATIVE JURISDICTIONS

The Council adopted a revised EU list of non-cooperative jurisdictions for tax purposes.

In addition to the 5 jurisdictions that were already - American Samoa, Guam, Samoa, Trinidad and Tobago and US Virgin Islands, the revised EU list now also includes the following 10 jurisdictions: Aruba, Barbados, Belize, Bermuda, Dominica, Fiji, Marshall Islands, Oman, United Arabic Emirates, Vanuatu.Those jurisdictions did not implement the commitments they had made to the EU by the agreed deadline.

Annex II of the conclusions, which covers jurisdictions with pending commitments, also reflects the deadline extensions granted to 11 jurisdictions to pass the necessary reforms to deliver on their commitments.

Part of the EU's external strategy for taxation as defined by the Council, the list is intended to contribute to ongoing efforts to prevent tax avoidance by corporates and promote tax good governance worldwide.

For more information, see the press release.

OTHER BUSINESS

Financial services

The presidency updated ministers regarding work on legislative proposals and the implementation of legislation in the field of financial services.

March 2019 progress report on financial services legislative proposals

Coalition for climate action

The Finnish minister provided information about the preparatory work and the process leading to the launch of the coalition for climate action on 13 April in Washington, in the context of the Spring meetings of the World Bank and the International Monetary Fund.

MEETINGS IN THE MARGINS OF THE COUNCIL

Macroeconomic dialogue with the social partners

On 11 March 2019, the current and two future presidencies and representatives of the EU institutions met the social partners: employers, trade unions, public enterprises and SMEs at European level.

For more information, see the press release.

Eurogroup

Ministers of the eurozone member states attended a meeting of the Eurogroup on 11 March.

In regular format, ministers discussed the second enhanced surveillance report on Greece, as published by the Commission on 27 February. They also had an exchange of views on the housing markets in the eurozone and adopted a statement on the updated draft budgetary plan of Latvia for 2019.

In inclusive format, the Eurogroup continued to discuss the deepening of the Economic and Monetary Union. Ministers discussed the features of the budgetary instrument for convergence and competitiveness with a focus on expenditure related aspects.

Eurogroup main results

Ministerial breakfast

Ministers held a breakfast meeting to discuss the economic situation in the EU, the debrief of the Eurogroup and the location of InvestEU's investment committee.

OTHER ITEMS APPROVED

ECONOMIC AND FINANCIAL AFFAIRS

Implementing rules for VAT on e-commerce

The Council agreed implementing rules on the VAT regime for e-commerce adopted in December 2017. Those new detailed measures will ensure a smooth transition to the new regime that comes into force in January 2021. (7245/19)

EU-Norway VAT

The Council adopted a decision on the position to be taken on behalf of thee EU within the joint committee established by the EU-Norway agreement on administrative cooperation, combating fraud and recovery of claims in the field of value added tax.

This agreement was concluded between the EU and Norway entered into force on 1 September 2018. It provides a legal framework for cooperation with regard to the fight against fraud and the recovery of claims in the field of value added tax.

The first meeting of the joint committee is set to agree its rules of procedure, the procedure for the conclusion of service level agreements and other decisions concerning the proper implementation and functioning of the agreement. (5965/19)

FOREIGN AFFAIRS

Relations with Jordan - Accession of Bulgaria and Romania

The Council decided on the conclusion of a Protocol to the Euro-Mediterranean Agreement establishing an Association between the European Communities and their Member States, and the Hashemite Kingdom of Jordan, to take account of the accession of the Republic of Bulgaria and Romania to the European Union.

The Protocol was signed on 30 November 2009, and the European Parliament gave its consent on 18 January 2011. The original agreement had been applied on a provisional basis since 1 January 2007.

54th EU-Turkey Association Council

The Council established its common position in view of the 54th meeting of the EU-Turkey Association Council.

AGRICULTURE

Establishment of harmonised risk indicators

The Council decided not to oppose the adoption of a Commission directive amending directive 2009/128/EC as regards the establishment of harmonized risk indicators (5928/19 + ADD 1).

Directive 2009/128/EC aims to reduce risks and impacts of pesticide use on human health and the environment and to promote the use of integrated pest management and of alternative approaches or techniques in order to reduce dependency on the use of pesticides.

The changes introduced by the new directive are intended to address the worries expressed in December 2017 in the European Citizens Initiative “Ban glyphosate and protect people and the environment from toxic pesticides". On that occasion, the Commission undertook to establish harmonised risk indicators in order to monitor trends in risk reduction from pesticide use at EU level.

RESEARCH

Conclusions on simplification measures in Horizon 2020

The Council adopted a set of conclusions in response to the European Court of Auditors' special report No. 28/2018 entitled "The majority of simplification measures brought into Horizon 2020 have made life easier for beneficiaries, but opportunities to improve still exist".

The conclusions appear in document 7420/19.

INTERNAL MARKET AND INDUSTRY

Amendments to annex II of regulation on cosmetic products

The Council decided not to oppose the adoption of a Commission regulation amending annex II of regulation (EC) N° 1223/2009 of the European Parliament and of the Council on cosmetic products.

The regulation stipulates that 2-chlorobenzene-1,4-diamine (2-Chloro-p-Phenylenediamine), its sulphate and dihydrochloride salts should be prohibited in hair dye products, including eyebrow dye products, and in eyelash dye products and that therefore they should be added to the list of prohibited substances under annex II to regulation No 1223/2009.

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.

(5586/19 + ADD 1)

Amendments to annexes II, III and V of regulation on cosmetic products

The Council decided not to oppose the adoption of a Commission regulation amending annexes II, III and V of regulation (EC) N° 1223/2009 of the European Parliament and of the Council on cosmetic products.

The regulation stipulates that a number of substances found to belong to the category of carcinogenic, mutagenic or toxic for reproduction should not be used for cosmetic products.

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.

(5546/19 + ADD 1)

ENERGY

Ecodesign requirements for refrigerating appliances

The Council decided not to oppose the adoption of a Commission regulation concerning ecodesign requirements for refrigerating appliances. (6603/19; 5589/19 + ADD1)

The regulation sets out requirements regarding the energy efficiency and performance of fridges and freezers. It also establishes rules regarding the availability of spare parts, access to repair and maintenance information, and other information requirements.

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.