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Economic and Financial Affairs

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President **Mika Lintilä**
Minister for finance of Finland

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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

Banking union

The Presidency presented a [progress report](#) on the state of play on the banking union.

The progress report takes stock of the developments in the different workstreams related to the strengthening of the banking union, in particular as regards:

- the proposal to establish a European Deposit Insurance Scheme (EDIS),
- the implementation of the "banking package",
- the action plan to tackle non-performing loans

The report draws upon the discussions held in the Council's ad hoc Working Party on the Strengthening of the Banking Union, which was convened once during the Finland's Presidency.

The report does not reflect work carried out in the context of the Eurogroup's work on deepening the Economic and Monetary Union. Since the beginning of the year, discussions have been ongoing in context of the Eurogroup, towards a roadmap for beginning political negotiations on a European deposit insurance scheme (EDIS), adhering to all elements of the 2016 roadmap in the appropriate sequence. These discussions have been taken forward by a High-Level Working Group and will be reported back in the context of the 4 December Eurogroup.

European Deposit Insurance Scheme (EDIS)

Given the ongoing work in the context of the Eurogroup, technical issues related to the EDIS proposal have been discussed in one working party meeting during Finland's Presidency.

The Working Party discussed data collection to support designing possible methodology for calculating risk-based contributions under EDIS. The Commission also presented the main findings of a study on options and national discretions under the deposit guarantee scheme directive.

Implementation of the "banking package"

The adoption of the "[banking package](#)", comprising reforms of prudential requirements and recovery and resolution rules for banks, was completed in May 2019. The legislative acts came into force on 27 June 2019.

The European Banking Authority and the Single Resolution Board updated the working party on the implementation of the new measures, in particular as regards monitoring of minimum requirements for own funds and eligible liabilities (MREL), the work of resolution colleges and the review of the implementation of the deposit guarantee schemes directive.

Measures to tackle non-performing loans (NPLs)

The Commission gave an update on the implementation of the action plan of July 2017 to tackle NPLs.

While the total number of NPLs has continued to decline, the amount of NPLs in some member states remains high.

As regards legislative work, the regulation on the NPLs prudential backstop was adopted in April 2019. Work continues on two remaining aspects:

- on 27 March, EU ambassadors approved the [Council's position](#) on a proposed directive encouraging the **development of secondary markets for NPLs**. The aim of the new rules is to reduce banks' stocks of NPLs and prevent their accumulation in the future by creating a harmonised framework for the purchase and servicing of NPLs;
- on 27 November, EU ambassadors approved the [Council's position](#) on a proposal for a common framework and minimum requirements for out-of-court mechanism to recover the value from loans guaranteed with collateral in case the borrower is not able to pay it back. Effective out-of-court enforcement can help prevent the accumulation of NPLs, as it provides banks with legal instruments to recover collateral more quickly.

The Council is now waiting for the European Parliament to adopt positions on the two directives to start negotiations.

In addition to legislative measures, the EBA and the ECB have also taken steps to address NPLs through, for example, guidelines and guidance.

Energy taxation

The Council adopted conclusions on the EU energy taxation framework.

The Council gave its support to an update of the legal framework for energy taxation which will contribute to wider economic and environmental policy objectives.

The conclusions are a direct response to the European Council's call to advance work on the conditions, incentives and enabling framework to ensure a transition to a climate-neutral EU, in line with the Paris Agreement. The aim is to contribute to the policy objectives and measures to achieve the environmental, energy and climate targets for 2030, while preserving European competitiveness, ensuring just and socially balanced rules and respecting member states' right to decide on their own energy mix.

Find out more in the [press release](#).

European financial architecture for development

The Council adopted conclusions on the European financial architecture for development..

The conclusions highlight the need to make the European financial architecture for development stronger, more, flexible, integrated, coherent, strategic and responsive to climate change and development needs. They give support to the short-term measures put forward by the report of the Wise Persons' Group and outline the way forward for preparing a political reflection on possible future institutional reforms.

Find out more in the [press release](#).

ECOFIN work plan on climate action

Ministers approved an ECOFIN [work plan on climate action](#).

The work plan follows up on the ministerial debate at the informal ECOFIN in September 2019, where ministers expressed their ambition to actively contribute to the transition to a climate neutral economy. Ministers underlined that EU will continue to show global climate leadership and lent their support to enhanced climate action. In this context, ministers welcomed the presidency's initiative to organise regular policy discussions on topics related to climate action.

The proposed work plan sets out a non-exhaustive list of policy themes to be discussed by ministers in future ECOFIN meetings. The aim is to concentrate on the role and impact of different policies on climate change mitigation and adaptation and to encourage sharing of best practices among member states. The work plan is meant as a living document that can be updated on a regular basis under future Council presidencies.

Sustainable finance, green budgeting, green taxation or green investment are among the topics identified as part of the work plan. ECOFIN ministers will benefit from the work of the Coalition of Finance Ministers for Climate Action, co-chaired by Finland and Chile. Eighteen ECOFIN ministers are part of the Coalition, which has 51 members in total.

Stablecoins

The Council and the Commission approved a joint statement on "stablecoins".

The Council and the Commission highlight their readiness to take all necessary measures to ensure appropriate standards of consumer protection and orderly monetary financial conditions. The Council and the Commission state that no global stablecoin arrangement should begin operation in the European Union until the legal, regulatory and oversight challenges and risks have been adequately identified and addressed.

Since the beginning of 2019, the private sector has launched a number of initiatives to create new payment products. Among them are "stablecoins" which are a sub-category of crypto-assets for which the value is allegedly pegged to an underlying asset or pool of assets (one or more currencies, a commodity, etc.).

Given the promoters of these initiatives (most notably Facebook with its "Libra" project) and the potential volume of their users, stablecoins require close scrutiny, particularly in terms of consumer protection and anti-money laundering, but also with regards to potential systemic consequences.

The EU initiative follows-up on work undertaken on the subject in international fora, such as the G20, the G7, the Financial Stability Board and the Financial Action Task Force.

Anti-money laundering

The Council adopted conclusions on strategic priorities for anti-money laundering and countering the financing of terrorism.

The Council invites the Commission to explore possible further actions that could be undertaken to enhance the existing framework, in particular by considering:

- ways to ensure a more robust and effective cooperation between the relevant authorities and bodies involved in anti-money laundering and terrorist financing, including through addressing impediments on exchange of information between them
- whether some aspects could be better addressed through a regulation;
- possibilities, advantages and disadvantages of conferring certain supervisory responsibilities and powers to an EU body.

Find out more in the [press release](#).

Capital markets union

The Council adopted conclusions setting out objectives for a further deepening of the capital markets union (CMU). The conclusions will shape the format and scope of a new roadmap for future action to further integrate the capital markets of EU member states.

The conclusions set out 5 main objectives for deepening the CMU, namely:

- enhanced access to finance for EU businesses, especially SMEs,
- removal of structural and legal barriers for increased cross border capital flows,
- provide incentive and remove obstacles for well-informed retail savers to invest,
- support the transition to sustainable economies,
- embrace technological progress and digitalization,
- strengthen global competitiveness.

Find out more in the [press release](#).

Stability and growth pact

The Council issued decisions on Hungary and Romania, which are subject to ongoing significant deviation procedures. The decisions confirm that effective actions have not been taken. The Council gave new recommendations on measures to correct the deviations.

Hungary has been subject to a significant deviation procedure since June 2018. For the third time, the Council issued:

- a [decision](#) establishing that Hungary has failed to take effective action;
- a [recommendation](#) on measures to take to correct the significant deviation.

Romania has been subject to a significant deviation procedure since June 2017. For the fifth time, the Council issued:

- a [decision](#) establishing that Romania has failed to take effective action;
- a [recommendation](#) on measures to take to correct the significant deviation.

Other business

– Current financial services legislative proposals

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

[December 2019 progress report on financial services legislative proposals](#)

– Country-by-country reporting

The Swedish delegation informed the Council about its concerns regarding the legal basis of the proposal for the directive on disclosure of income tax information on the basis of an [information note](#).

– *EU list of non-cooperative tax jurisdictions*

The Council heard the Danish delegation's views on further ambitious strengthening of the EU list of non-cooperative jurisdictions for tax purposes in the future.

Events in the margins of the Council meeting

– *Eurogroup/Eurogroup in inclusive format*

Ministers of the euro-area member states attended a meeting of the Eurogroup on 4 December.

In regular format, ministers discussed the 4th enhanced surveillance report on Greece and [agreed](#) the release of €767 million in debt measures. They also took stock of post-programme surveillance missions to Cyprus and Spain.

The Eurogroup adopted a [statement](#) on the assessment of 2020 draft budgetary plans, [reappointed](#) Hans Vijlbrief as president of the Eurogroup Working Group and adopted its work programme for the first half of 2020.

In an inclusive format, the Eurogroup discussed the state of play of reform of the Economic and Monetary Union, including the ESM treaty and the European deposit insurance scheme.

[Eurogroup main results](#)

OTHER ITEMS APPROVED

ECONOMIC AND FINANCIAL AFFAIRS

Non-cooperative tax jurisdictions

The Council adopted conclusions (14115/19) and endorsed a six-monthly report (14114/19) on the progress achieved by the Code of Conduct Group on business taxation.

The report includes in particular a detailed state of play on the EU list of non-cooperative jurisdictions for tax purposes.

It also includes guidance on further coordination of national defensive measures in the tax area towards non-cooperative jurisdictions (contained in annex 4 of the report). The guidance invites all member states to apply a legislative defensive measure in taxation vis-à-vis the listed jurisdictions as of 1 January 2021, aiming to encourage those jurisdictions' compliance with the Code of Conduct screening criteria on fair taxation and transparency.

The Council also adopted amendments to Annex II of the Council conclusions of 12 March 2019 on the EU list of non-cooperative jurisdictions for tax purposes (14717/19)

Report on tax issues

The Council approved a six-monthly report to the European Council on tax issues.

[ECOFIN report to the European council on tax issues](#)

E-commerce

The Council adopted conclusions on the European Court of Auditors' Special Report No 12/2019 "E-commerce: many of the challenges of collecting VAT and customs duties remain to be resolved" (14045/19)

VAT rules

The Council adopted an implementing decision authorising Italy to continue to apply derogating measures in the case of VAT on certain expenditure on certain motorised road vehicles ([14044/19](#), [13790/19](#))

FOREIGN AFFAIRS

EU's position for the 17th meeting of the EU-Kyrgyz Republic Cooperation Council

The Council approved the position of the European Union for the 17th meeting of the EU-Kyrgyz Republic Cooperation Council, which will take place on 9 December 2019 in Brussels.

The Cooperation Council will discuss the EU-Kyrgyz Republic partnership and cooperation agreement.

[EU-Kyrgyzstan Cooperation Council, 9 December 2019 \(meeting page\)](#)

[Delegation of the European Union to the Kyrgyz Republic](#)

EU's position for the 8th meeting of the EU-Tajikistan Cooperation Council

The Council approved the position of the European Union for the 8th meeting of the EU-Tajikistan Cooperation Council, which will take place on 10 December 2019 in Brussels.

The Cooperation Council will discuss bilateral relations under the EU-Tajikistan partnership and cooperation agreement.

[EU-Tajikistan Cooperation Council, 10 December 2019 \(meeting page\)](#)

[Delegation of the European Union to Tajikistan](#)

TRADE

Amendment of trade preferences for poultry meat with Ukraine

The Council adopted the Decision on the conclusion of the Agreement in the form of an exchange of letters between the European Union and Ukraine amending the trade preferences for poultry meat and poultry meat preparations.

On 20 December 2018, the Council authorised the Commission to open negotiations with Ukraine to amend the trade preferences for poultry meat and poultry meat preparations provided for by the Association Agreement. Those negotiations were successfully concluded on 19 March 2019 and the General Secretariat of the Council of the European Union is the depositary of the Agreement in the form of an exchange of letters.

[Association Agreement between the European Union, the European Atomic Energy Community and Ukraine](#)

Opening of negotiations to amend the International Sugar Agreement 1992

The Council authorised the opening of negotiations with other parties to amend the International Sugar Agreement (ISA)1992 with a view to modernising it.

The institutional framework of the ISA and the distribution of votes among members of the International Sugar Organization (ISO) -which determines the member's financial contribution to it- no longer reflects the realities of the global sugar market. The EU's share of the financial contribution has remained the same since 1992, assuming a disproportionately large share of the budgetary costs and responsibility in the ISO in recent years.

The modernisation process will tackle the discrepancies between the number of votes and financial contributions of the members and their relative position in the global sugar market as well as the objectives and the work programme of the ISO.

[International Sugar Agreement](#)

Agreement on the allocation of the TRQ for non-hormone beef imports from the US

The Council adopted a decision on the conclusion of the agreement between the United States of America and the European Union on the Allocation to the US of a share in the tariff rate quota (TRQ) for high quality beef referred to in the revised Memorandum of understanding regarding the importation of beef from animals not treated with certain growth-promoting hormones and increased duties applied by the US to certain products of the EU.

The European Parliament will be informed in accordance with Article 218(10) TFEU.

Market Access Regulation: inclusion of Comoros

The Council decided not to object to a Commission delegated regulation amending regulation 2016/1076 in order to include the Union of Comoros in Annex I ([13084/19](#)).

This implies that, unless the European Parliament objects to it, the delegated act shall be published and enter into force in accordance with Articles 2(2) and 22 of Regulation (EU) 2016/1076 applying the arrangements for products originating in certain states which are part of the African, Caribbean and Pacific (ACP) Group of States provided for in agreements establishing, or leading to the establishment of, Economic Partnership Agreements.

Regulation (EU) 2016/1076 (Market Access Regulation) governs the EU duty-free quota-free import regime for members of the African, Caribbean and Pacific (ACP) Group of States that have concluded negotiations on Economic Partnership Agreements (EPAs) with the EU. The Regulation also lays down a procedure for the application by the European Union of safeguard measures in respect of products originating in such countries.

JUSTICE AND HOME AFFAIRS

Hague conventions

The Council agreed on the line to be taken by the European Union with regard to the accession of Nicaragua to the 1965 and 2007 Hague Convention.

European Data Protection Supervisor

Mr Wojciech Wiewiórowski was appointed today by the Council as the European Data Protection Supervisor (EDPS) for a mandate of 5 years.

The appointment was decided on common accord between the Council and the European Parliament.

[Wojciech Wiewiórowski appointed European Data Protection Supervisor \(Press release\)](#)

