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European Union

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LIMITE

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DRAFT MINUTES¹

Subject: **3399th** meeting of the Council of the European Union (**ECONOMIC AND FINANCIAL AFFAIRS**) held in Luxembourg on 19 June 2015

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¹ Information on Council legislative deliberations, on other cases of Council deliberations open to the public and on public debates may be found in Addendum 1 to these minutes.

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1. **Adoption of the provisional agenda**
9980/15 OJ CONS 36 ECOFIN 492

The Council adopted the above-mentioned agenda.

LEGISLATIVE DELIBERATIONS

(Public deliberation in accordance with Article 16(8) of the Treaty on European Union)

2. **Approval of the list of "A" items**
9982/15 PTS A 50

The Council adopted the "A" items as listed in doc. 9982/15.

3. **Banking Structural Reform**

- Proposal for a Regulation of the European Parliament and of the Council on structural measures improving the resilience of EU credit institutions **(First reading)**
 - = General approach
9894/15 EF 112 ECOFIN 480 CODEC 879
9579/15 EF 100 ECOFIN 438 CODEC 828
 - + COR 1 REV 1
 - + COR 2 (sv)

The Council agreed a general approach by unanimity on the basis of a revised Presidency compromise text, recorded in doc. 10150/15 EF 121 ECOFIN 528 CODEC 810 + COR1.

The Council also agreed on a statement, as set out in the Annex.

4. **Investment Plan for Europe**

- **Commission Proposal for a Regulation of the European Parliament and of the Council on the European Fund for Strategic Investments and amending Regulations (EU) No 1291/2013 and (EU) No 1316/2013 (First reading)**
 - = Information from the Presidency

The Council was informed about the final compromise on a proposal for a regulation on the European Fund for Strategic Investments. The Regulation will be subject for adoption by the Council in a written procedure on 25 June 2015.

5. Administrative cooperation

- **Proposal for a Council Directive amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation**
 - = State of play
9495/15 FISC 55 ECOFIN 457

The Council held an exchange of views on the state of play on this dossier, with a specific focus on the issues set out in the Presidency report to the Council. The Chair concluded by taking note of progress achieved since the Commission proposal was presented, as well as of concerns that some of the Member States have raised, which will have to be taken into consideration at technical level, given that work will be continued so as to enable the Council to reach an agreement in autumn 2015.

6. Interest and Royalties Directive

- **Proposal for a Council Directive on a common system of taxation applicable to interest and royalty payments made between associated companies of different Member States (recast)**
 - = Political agreement
9674/15 FISC 68 ECOFIN 456
9680/15 FISC 69 ECOFIN 458

The Council held a discussion on the Interest and Royalties Directive after which it was noted that some issues still remained to be solved before agreement can be reached on this file.

7. Any other business

- **Current legislative proposals**
 - = Information from the Presidency

The Council took note of the state of play in relation to legislative financial services' files.

NON-LEGISLATIVE ACTIVITIES

8. Approval of the list of "A" items

9983/15 PTS A 51

The Council adopted the "A" items as listed in doc. 9983/15.

Statements to these items are set out in the Annex.

9. Any other business

- **Commission Communication: A Fair and Efficient Corporate Tax System in the European Union: 5 Key Areas for Action**

= Information from the Commission

9949/15 FISC 75 ECOFIN 489

+ ADD 1

+ ADD 2

The Council heard a presentation by the Commission of its Action Plan, adopted on 17 June 2015.

10. Implementation of the Banking Union

= State of play

The Council took note of the state of play on the implementation of the Banking Union and in particular as regards bridge financing.

11. Capital Markets Union

= Adoption of Council conclusions

9852/15 EF 110 ECOFIN 473 SURE 14 UEM 223

The Council adopted by unanimity Council conclusions on a Capital Markets Union.

12. Contribution to the European Council meeting on 25-26 June 2015

a) European Semester 2015

= Approval

9229/1/15 REV 1 UEM 172 ECOFIN 377 SOC 340 COMPET 251 ENV 333
EDUC 159 RECH 150 ENER 191 JAI 355 EMPL 214

9305/1/15 REV 1 UEM 201 ECOFIN 410 SOC 373 COMPET 282 ENV 370
EDUC 190 RECH 178 ENER 225 JAI 385 EMPL 245

9882/1/15 REV 1 UEM 227 ECOFIN 477 SOC 418 COMPET 312 ENV 408
EDUC 211 RECH 196 ENER 248 JAI 454 EMPL 272

8886/15 UEM 130 ECOFIN 327 SOC 297 COMPET 198 ENV 283
EDUC 125 RECH 111 ENER 146 JAI 292 EMPL 187

- i) Draft Council Recommendations on the National Reform Programmes 2015 to each Member State and draft Council Opinions on the updated Stability or Convergence Programmes
- ii) Draft Council Recommendation on the implementation of the broad guidelines for the economic policies of the Member States whose currency is the euro

The Council approved 26 country specific recommendations and a recommendation for the euro-area as whole, listed in doc. 9229/1/15, as well as the "Comply or explain" note included in doc. 9305/1/15. Hungary distributed at the meeting a unilateral declaration to be included in the minutes (see Annex).

b) Broad Economic Policy Guidelines

= Report to the European Council

6675/15 ECOFIN 169 UEM 74 SOC 137 COMPET 93 ENV 133 EDUC 69
RECH 63 ENER 79 POLGEN 69 TRANS 159 MI 294 IND 73
AGRI 254 AG 15 CO-EUR PREP 23

+ ADD 1

The Council approved the guidelines as set out in doc. 6675/15 + ADD1 and forwarded it to the European Council.

c) Report on preparing for next steps on better economic governance in the euro area

= Exchange of views

The Council took stock of the state of play of the Report on Completing EMU, prepared by the Four Presidents in association with the President of the EP, in view of the European Council discussion on 25 and 26 June 2015.

13. Implementation of the Stability and Growth Pact

= Adoption of Council Decisions / Recommendation
9457/15 ECOFIN 427 UEM 209
+ COR 1
9456/15 ECOFIN 426 UEM 208
+ COR 1
9453/15 ECOFIN 424 UEM 206
+ COR 1
9454/15 ECOFIN 425 UEM 207
+ COR 1

The Council adopted Council Decisions and Recommendations 9457/15 + COR 1, 9456/15 + COR 1, 9453/15 + COR 1 and 9454/15 + COR 1. With the agreement of the Member State in question, and in line with the usual practice, Council Recommendation 9454/15 + COR 1 will be made public.

STATEMENTS FOR THE COUNCIL MINUTES

Ad "B" item 3:

Banking Structural Reform

- **Proposal for a Regulation of the European Parliament and of the Council on structural measures improving the resilience of EU credit institutions [First reading]**
- = **General approach**

STATEMENT BY THE COUNCIL

"Aware of the far-reaching consequences of setting up a harmonised European regime on bank structural reform, the Commission and the Member States have paid special attention to already existing national laws pursuing the same objectives.

The Council

considering that this Regulation strikes the balance between taking into account existing national legislation and the creation of an approach at EU level, without unnecessarily doubling regulatory burden for the banks affected;

affirming Recital 10 of the text on which the general approach is based on;

declares

that the way chosen by the Member States to accommodate the specific rationale and features of national regulatory approaches is exclusively linked to the unique circumstances of this Regulation and that in no way it may be considered as a precedent for future financial services regulation."

Ad "B" item 12: Contribution to the European Council meeting on 25-26 June 2015

a) European Semester 2015

= Approval

- i) Draft Council Recommendations on the National Reform Programmes 2015 to each Member State and draft Council Opinions on the updated Stability or Convergence Programmes**
- ii) Draft Council Recommendation on the implementation of the broad guidelines for the economic policies of the Member States whose currency is the euro**

STATEMENT BY HUNGARY

"Hungary needs to express its disagreement with some of the statements and with two requested actions of the country-specific recommendations for Hungary. The main concerns are related to the recommendations on numerically defined fiscal adjustment and on budgetary reallocations in case of the public works scheme.

Hungary expresses its concerns about the Commission's macroeconomic assessment since it does not recognise fully the improvement of Hungary's underlying economic fundamentals (such as robust GDP growth, recovery of business investments and growing employment in the corporate sector etc.).

Hungary confirms to be continuously committed to pursuing the economic policy based on fiscal stability and sustainable growth, which seems to have brought encouraging results as Hungary produced the second largest growth among EU member states in 2014, and in the same time were able to reduce public debt and keep budget deficit persistently well under 3 per cent.

While confirming the determination of the Hungarian Government to fully respect the rules of the SGP, it considers the insertion of any concrete figures for specific fiscal adjustment unwarranted. Hungary recalls that the recommended figures do not correspond either with the statement contained in the preamble nor with the track record regarding Commission's forecasts on macroeconomic figures, including forecasted growth in Hungary¹.

Hungary cannot agree with the recommendation on budgetary reallocation regarding the public work scheme. The Commission's assessment of the public work scheme does not recognise its important role as a social policy tool and inclusive regional development policy measure and gives the impression that active labour market policies in Hungary are non-existent. In order to improve transition from public work to the primary labour market the Hungarian Government is determined to improve, however, targeting of public work scheme and strengthen active labour market policies to assist job-seekers in finding a new job.

Hungary will be able to accept those country-specific recommendations which are well founded, based on correct and balanced assessment and real data, determine the policy objectives and leaves room to select at national level the appropriate policy means to meet the agreed objectives."

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GDP growth, %	2013	2014
factual	1,5	3,6
COM spring ⁽¹⁾ and winter ⁽²⁾ forecast	0,2 ⁽¹⁾ 0,7 ⁽²⁾	2,3 ⁽¹⁾ 3,2 ⁽²⁾

JOINT STATEMENT BY THE COUNCIL, THE EUROPEAN PARLIAMENT AND THE COMMISSION

"Building on the joint statement on a payment plan agreed in December 2014 as part of the agreement reached on the 2014 and 2015 budgets, the three institutions have commonly assessed the state of play and outlook for payments in the EU budget on the basis of the document transmitted by the Commission on 23 March 2015.

The European Parliament, the Council and the Commission agree on the following:

1. State of play

The European Parliament and the Council take note of the Commission's thorough assessment provided in the "*Elements for a payment plan to bring the EU budget back onto a sustainable track*" ¹ (in annex) as an analytical basis for identifying the main drivers behind the grown level of outstanding payment claims at year-end, and for attaining the objective of reducing the level of unpaid bills, with a particular focus on the implementation of the 2007-2013 cohesion policy programmes.

- a) The constraint on the payment appropriations authorised in the past budgets combined with the implementation cycle of the cohesion programmes have led to the progressive building up of an unsustainable backlog of outstanding payment claims at year-end, reaching an unprecedented level of EUR 24.7 billion at the end of 2014. However, the institutions recognise that the difficult decisions made with regard to the 2014 and 2015 budgets have largely stabilised the backlog.
- b) Moreover, the shortage of payments has translated into a slowing down in the implementation of the 2014-2020 programmes in other headings, notably in view of meeting contractual obligations stemming from past commitments and thus avoiding the risk of interests on late payment, at a time when key programmes are expected to contribute to growth and jobs in Europe and to secure the Union's role on the international stage.

2. Outlook

- c) The European Parliament and the Council take note of the outlook for 2015 and 2016 presented by the Commission: the analysis indicates that it could be possible to reduce the year-end backlog of outstanding payment claims for the 2007-2013 cohesion programmes to a level of around EUR 2 billion by the end of 2016, taking into account in particular that the cohesion programmes are approaching the closure stage, and provided that sufficient payment appropriations are authorised in the 2016 budget. This should help avoid negative repercussions and unnecessary delays for the implementation of the 2014-2020 programmes.

¹ As set out in the Annex to the ANNEX of doc. 9115/15 (only in English).

- d) The European Parliament and the Council underline their commitment to phasing out the unsustainable backlog of outstanding payment claims for the 2007-2013 cohesion programmes. They undertake to cooperate fully in view of authorising a level of payment appropriations in the 2016 budget, which allows reaching such a goal. Their deliberations will take into account the current outlook, to be reflected and further refined by the Commission in its estimates for the 2016 draft budget.
- e) The Commission will continue to closely monitor the development of the backlog and, if necessary, will propose appropriate measures to ensure an orderly progression of payment appropriations consistent with the authorised commitment appropriations.
- f) The three institutions recall their commitment to actively monitor the state of implementation of payments throughout 2015. As part of their regular exchange of views, they confirm their willingness to organise dedicated inter-institutional meetings on 26 May, 14 July and 19 October, with a view to ensuring a sustainable budgeting process. In this regard, those interinstitutional meetings should also address the longer-term forecasts on the expected evolution of payments until the end of the current MFF for which the Commission is requested to present, if appropriate, alternative scenarios.
- g) To facilitate the process of monitoring on the state of play for the 2007-2013 programmes, in July and October the Commission will provide reports on the implementation of the budget, both as compared to monthly forecasts for the year and to the previous year to date, as well as on the evolution of the backlog of outstanding payment claims in subheading 1b.
- h) Being committed to avoid a similar build-up of backlog in the future, the European Parliament and the Council call on the Commission to closely scrutinize the implementation of the 2014-2020 programmes and set-up an early warning system. To achieve this result, the Commission undertakes to develop appropriate tools to provide, in the course of the budgetary procedure, rolling forecasts of payments by (sub)heading for (sub)heading 1b, 2 and 5 and by programmes for (sub)heading 1a, 3 and 4 focused on the years N and N+1, including the evolution of unpaid bills and of outstanding commitments (RALs); these forecasts will be regularly updated on the basis of budgetary decisions and of any relevant development having an impact on the payment profiles of the programmes; payments forecasts will be presented in July, in the framework of the inter-institutional meetings on payments foreseen in point 36§3 of the Annex of the IIA;
- i) This should allow the budgetary authority to take the necessary decisions, in due time, in order to avoid the future building up of an unsustainable backlog of outstanding payment claims at year-end, while fully respecting and implementing the agreements reached as part of the multiannual financial framework and of the annual budgetary procedures."

- Ad "A" item 7:** **Code of Conduct (Business Taxation)**
- **Report to the Council**
 - **Draft Council Conclusions**
 - = **Endorsement**

STATEMENT BY ITALY

DELETED

- Ad "A" item 27:** **Proposal for a Council Regulation amending Regulation (EU) 2015/104 as regards certain fishing opportunities**
- **Adoption**

STATEMENT BY FRANCE

"France wishes to see a genuine long-term management strategy introduced for the stock of sea bass in the North-East Atlantic.

Since the beginning of 2015, in the absence of a total allowable catch (TAC) or a management plan, the northern stock has been subject to three groups of ad hoc measures put in place following the release in June 2014 of scientific advice indicating a rapid decline in the stock of sea bass in the North-East Atlantic (divisions IVb, IVc, VIIa and VIId-h) since 2012:

- ban on pelagic trawl fishing from 28 January 2015 to 31 April 2015;
- catch limit of three sea bass per person per day in recreational fisheries;
- area closures and introduction of monthly limits for different metiers.

There are also plans to increase the minimum catch size for commercial fisheries.

Given that this species is spread out over a very wide area and that a large number of small-scale fisheries are involved, it is essential that we move away from the current approach of managing stocks through successive emergency measures which have significant socioeconomic consequences, in order to provide fishing businesses with a more stable framework and thus ensure sustainable and equitable management of this stock.

For this reason, France calls on the European Commission to establish as soon as possible a multiannual management plan for sea bass in the North-East Atlantic, based on a balanced and proportionate approach.

France reiterates that it would also welcome the establishment of a total allowable catch (TAC) for this species."
