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OUTCOME OF THE COUNCIL MEETING

3707th Council meeting

Economic and Financial Affairs

Brussels, 9 July 2019

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.

ITEMS DEBATED

Own resources

Ministers took stock of the state of play of discussions on the own resources legislative package in the context of the multiannual financial framework for 2021-2027.

In May 2018, the Commission proposed modernising the existing system of EU own resources, including by creating three new own resources: contributions based on plastic waste, a share of revenues from the emissions trading system, and a share of the common consolidated corporate tax base (CCCTB).

The Council also considered the possibility of potential new sources of revenue in addition to the original ones suggested in the Commission proposal. The Commission indicated that it was prepared to provide all the necessary technical studies.

Technical work on the matter will continue with a view to the European Council's discussion of the multi-annual financial framework at its October meeting.

Over recent months, discussions within the Council have focused on simplification of the VAT-based own resource; delegations' views on the matter are still evolving.

As regards new own resources, the own resource based on plastic packaging waste has garnered some support from member states. However, a majority of delegations have expressed their preference for discarding the proposed new own resource linked to the CCCTB due to the lack of progress on this file in the Council.

Debate also continued on the percentage of traditional own resources that member states retain as collection costs, as well as on the future of correction mechanisms in favour of certain member states.

The Commission submitted a non-paper on own resources and potential new sources of revenue to the delegations. The non-paper recaps the state of discussions on the basket of new own resources proposed by the Commission, and notes that some member states have called on the Commission to explore other possible new sources of revenue. In the non-paper, the Commission affirms its readiness to work out options for other new own resources should there be an indication of support by the member states.

Presidency work programme

The Finnish presidency presented its priorities for economic and financial affairs (ECOFIN) for the duration of its term, which runs from July to December 2019.

The Finnish presidency has put sustainable economic growth at the heart of its programme, highlighting the importance of economic incentives and fiscal resources in the transition towards a low-carbon economy.

Over the course of its presidency, Finland will have the following priorities:

- More robust and better-functioning financial markets: Finland will work to strengthen the Banking Union and to develop the Capital Markets Union. The aim is to enhance the robustness and resilience of the European banking sector and to boost cross-border investment.
- Simplification of economic policy coordination: Finland will seek the views of finance ministers on the functioning of the EU's economic policy coordination framework to provide a contribution to the upcoming six-pack and two-pack review. The aim is in particular to explore the scope for simplifying the fiscal rules.
- Simple and effective taxation: Finland will advance simple, fair and effective taxation to boost economic growth, competitiveness and employment. In addition, the Finnish Presidency will continue the work against tax fraud and evasion.
- Enhanced action on climate change: Finland aims to put mitigation of climate change at the centre of ECOFIN discussions and to integrate this important topic into the finance ministers' work.
- Maximising the added value of the European financial architecture for development: Finland aims to achieve clear policy guidance on the way forward for the European financial architecture for development.
- EU budget with sound financial management: Finland aims to reach a balanced agreement between the Council and the European Parliament on the 2020 budget. The Finnish presidency will ensure that both the implementation of the 2019 budget and the 2020 budget comply with the principles of sound financial management.

ECB Executive Board - Nomination of the new president

The Council adopted a recommendation to the European Council on the nomination of Christine Lagarde as the next president of the European Central Bank (ECB).

The recommendation formalises the [agreement](#) reached by the European Council on 2 July 2019 to support Christine Lagarde as a candidate for the post.

The European Council is expected to take a formal decision on the appointment in October, after having consulted the European Parliament and the ECB's Governing Council.

The new President will succeed Mario Draghi (Italy), whose term of office expires on 31 October 2019, for a non-renewable 8-year term.

The Council needs a 'reinforced' qualified majority to adopt the recommendation. This requires the support of 65% of euro-area member states (i.e. 14 out of 19), representing 72% of the population of the euro area. (Legal basis: article 283(2) of the Treaty on the Functioning of the European Union.)

[Council recommendation on the appointment of the president of the ECB](#)

European Semester - Country specific recommendations

The Council adopted its 2019 recommendations and opinions on the member states' economic, employment and fiscal policies.

The overall objective of the recommendations is to encourage member states to increase their growth potential by modernising their economies and to further strengthen their resilience.

Despite global uncertainties and less favourable conditions, all member states' economies are projected to grow in 2020, and the level of unemployment is at a record low. In this context, the country-specific recommendations focus on implementing effective structural reforms, boosting investment strategies and encouraging responsible fiscal policies.

Today's adoption is the final stage of the 2019 'European Semester', an annual economic policy coordination process. The European Council held a discussion on the country-specific recommendations on 20 June 2019. The employment-policy parts were approved by the Employment, Social Policy, Health and Consumer Affairs Council on 8 July 2019.

For more information, read the [press release](#).

Other business

– Aviation taxation and carbon pricing

The Dutch minister debriefed ministers on the outcome of the international conference organised by the Netherlands to discuss ways of enhancing cooperation at EU level on carbon pricing in the aviation sector on 20-21 June 2019.

Meetings in the margins of the Council

– Eurogroup

Ministers of the euro-area member states attended a meeting of the Eurogroup on 8 July 2019.

In regular format, the Eurogroup discussed the third enhanced surveillance report on Greece, the budgetary situation of the euro-area, the 11th post-programme surveillance mission to Spain and the outcome of the Commission's consultations on the international role of the euro. Ministers were also informed about the Commission's decisions in the context of the spring 2019 round of fiscal surveillance for Italy, and the process for the appointment of the next ECB president.

In the margins of the Eurogroup meeting, representatives of the eurozone member states, the ECB and Denmark met in the presence of the European Commission and Croatia to discuss the prospects of Croatia's participation in the Exchange Rate Mechanism II (ERM II). They adopted a [statement](#).

In inclusive format, the Eurogroup discussed the follow-up to the Euro-Summit of June 2019 and the organisation of work in the next semester.

[Eurogroup main results](#)

OTHER ITEMS APPROVED

BUDGET

Contingency measures for a no-deal Brexit

The Council today adopted contingency measures on the implementation and financing of the 2019 EU budget in the event of a no-deal Brexit.

The aim of the measures is to mitigate the impact of a no-deal scenario for funding in a wide range of areas such as research and agriculture.

They will enable the EU to continue making payments to UK beneficiaries for contracts signed and decisions made before the withdrawal date, as long as the UK continues to pay its contribution agreed in the EU budget for 2019.

For more information, read the [press release](#).

TRANSPORT

International Civil Aviation Organisation (ICAO) – Assembly preparation

The Council endorsed 8 working papers to be submitted by the presidency on behalf of the EU and its member states to the 40th assembly of the International Civil Aviation Organisation (ICAO) ([10227/1/19 REV 1](#)). The meeting will be held from 26 September to 4 October 2019 in Montreal.
