



**COUNCIL OF
THE EUROPEAN UNION**

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NOTE

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Delegations will find attached the Swedish Presidency's Work Programme for the Council (Economic and Financial Affairs) and the draft provisional Council agendas for the second half of 2009.

Encl.:



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Work Programme for the Economic and Financial Affairs Council during the Swedish Presidency of the European Union

Since autumn 2008, the European economy has faced challenges unprecedented in modern times. The turbulence in capital and credit markets, coupled with reduced global demand and a high degree of uncertainty, has resulted in the most severe economic downturn since the 1930s.

The EU and its Member States have acted jointly to manage the crisis. A wide range of measures has been taken to get the financial system working again, notably as a result of the Paris declaration from October 2008 and its subsequent endorsement by the European Council. These measures, along with those taken by the European Central Bank (ECB) and other central banks, have gone some way towards helping to restore confidence in the financial markets and get them working again. Furthermore, the EU has agreed on a European Economic Recovery Plan which together with automatic stabilisers has dampened the impact of the crisis on growth and employment.

The overriding aim of the Swedish Presidency is to continue dealing with the financial and economic crisis and safeguarding longer-term growth and employment potential. This includes mitigating the effects of the current decline as well as promoting measures that facilitate a rapid yet sustainable recovery. In parallel, it will be crucial to push ahead with further efforts to improve the functioning of credit and capital markets.

The priorities in the ECOFIN Council reflect the need to pursue measures on a broad policy front:

- (i) improving supervision and regulation of financial markets,
- (ii) re-establishing sound public finances,
- (iii) tackling labour market challenges,
- (iv) reinvigorating the Lisbon Strategy post-2010, and
- (v) advancing international climate negotiations.

The Presidency is prepared to take the further initiatives that may be required to successfully combat the economic and financial crisis.

Financial markets

The reform of the current supervisory and regulatory frameworks for financial institutions in the EU will continue. The Swedish Presidency will take forward the important work conducted by the French and Czech Presidencies.

The measures to be taken should seek to create a robust and effective EU-wide framework for macro- and micro-prudential supervision, aiming at, inter alia, improved stability and protection against future financial crises in the EU. One of the priorities will be to reach concrete results on the future supervisory architecture in the EU. Legislative proposals to that end are envisaged for September.

Furthermore, work is foreseen on legislative proposals concerning the Capital Requirements Directive, including remuneration issues and prudential rules mitigating pro-cyclical effects. There will also be work done on a revision of the Prospectus Directive.

In addition, the Swedish Presidency will take forward the negotiations on the Directive on Alternative Investment Fund Managers (AIFMs), under which managers of all types of funds (hedge funds, private equity, etc.) will be subject to a stringent regulatory regime.

As a response to the financial crisis, the EU needs to strengthen financial stability arrangements with a view to enhancing its crisis management and resolution capabilities. The Swedish Presidency aims to reach an agreement on relevant policy actions and a timetable for their implementation.

Public finances

It is important, particularly in times of crisis, to use resources efficiently and to maintain robust public finances. In addition, measures taken to address short-term problems should not run counter to what is desirable in a longer-term perspective.

The current downturn has put significant pressure on national budgets, with increasing deficits and debt levels. Restoring sustainability to public finances is a priority.

To that end, a credible application of the Stability and Growth Pact is essential. There is a need to formulate a strategy on how Member States should reverse their large budget deficits. Also, progress must be made on how to tackle the long-term challenges posed by ageing populations.

Labour market challenges

Looking ahead, increased unemployment will be one of the most demanding challenges. The way we deal with labour market issues today will largely determine the EU's future economic growth potential and safeguard that we maintain a socially inclusive society.

There is a need to focus both on those becoming unemployed now and on those already unemployed and furthest away from the labour market. Preventing unemployment from becoming persistent is crucial, not least in the perspective of an ageing population. Active labour market policies are particularly important in maintaining employability, a policy line of importance also to avoid the resurfacing of protectionist pressures.

Lisbon Strategy post-2010

The effects of the economic crisis will be felt not just in the short run. There is an obvious risk that potential growth will be affected for a prolonged period. The risks related to unemployment persistence merely underline this. Thus, the need to push ahead with a comprehensive strategy for sustainable growth and full employment is greater than ever.

We need a revitalised strategy that transforms our Union into an economy which has the ability to reap the benefits of globalisation. Specifically, this means promoting investment in human capital and research, restoring public finances to a sustainable path and further improving the framework conditions for business and innovation with the vision to create an eco-efficient economy. The positive impact of greater labour force participation on growth and welfare must also be emphasised. Greater access to affordable childcare and tax systems favouring labour market entry will boost female employment.

Most importantly, successful implementation of the Lisbon Strategy requires strong national and regional ownership, efficient benchmarking and evaluation as well as robust institutional frameworks underpinning increased productivity and long-term growth.

The ECOFIN Council will discuss key aspects of these policies with a view to contribute to the design of the Lisbon Strategy post-2010.

Climate Change

Climate change is one of the main challenges facing the world. A top priority of the Swedish Presidency will be to achieve significant progress in climate negotiations, particularly at the Copenhagen Summit in December 2009, where the goal is an ambitious and credible international climate agreement which includes real and significant emission reductions.

The financing aspect is a key issue in the international negotiations. The ECOFIN Council will play an important role in the EU preparations prior to these negotiations. The objective is to develop a financing agreement in the run-up to Copenhagen that will lead to sufficient mitigation and adaptation actions.

The use of cost-effective economic instruments, such as a carbon dioxide tax and emissions trading, has a key role in climate policy. The Presidency will initiate a discussion of how economic instruments can best be used to that end. The Presidency supports the ongoing work by the Commission to revise the Energy Taxation Directive. An essential part of such a revision is the introduction by Member States of a carbon dioxide tax in sectors not covered by the EU Emissions Trading Scheme.

A coordinated EU approach for the G20

The G20 Summit in September will be a crucial forum for achieving further progress on the agreements reached in April regarding financial recovery and the strengthening of the global financial infrastructure. The Swedish Presidency will take an active part in the G20 preparations and will make sure that a coordinated EU position is established on relevant topics, such as IMF financial resources and governance.

Taxation

Fair and efficient tax systems are essential to achieve a level playing field for economic relations, trade and investment, as well as to protect the financial basis for public spending. To accomplish this, the EU is committed to strengthening the good governance tax principles of transparency, the exchange of information and fair tax competition. The Swedish Presidency intends to work intensely on the Commission's proposals for new or amended Directives in the areas of savings taxation, administrative cooperation and recovery, as well as on the Code of Conduct for business taxation.

Reducing the administrative burden within the EU is an important task. The VAT invoicing proposal has the potential to reduce the administrative burden on business and includes measures to help tax authorities tackle tax fraud. The aim of the Presidency is to reach a political agreement on the proposal. Also, work will be pursued on the proposal regarding VAT on financial services and the fight against VAT fraud.

Furthermore, the ambition of the Presidency is to reach an agreement on the Tobacco Tax Directives.

Budget

The Presidency will aim at reaching an agreement between the Council and the European Parliament on the annual budget for 2010 at the Budget ECOFIN in November. The prevailing financial and economic situation underlines the need for strict budget discipline.

Depending on the timing of the Commission report, the Presidency will arrange an exchange of views on the budget review. The EU budget should be adapted to the needs and challenges of today and tomorrow, which calls for reforms and reprioritisation of expenditure.

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Provisional Agendas for the Economic and Financial Affairs Council during the Swedish Presidency of the European Union

**PROVISIONAL AGENDA
ECONOMIC AND FINANCIAL AFFAIRS COUNCIL
BRUSSELS – 7 July 2009**

- Adoption of the provisional agenda
- Approval of the list of "A" items
- Presentation of the Presidency work programme¹
 - = Public debate
- Follow-up of 18-19 June European Council
- Preparation for the G20 meetings
 - = Exchange of views
- Procyclicality
 - = Council conclusions
- Implementation of the Stability and Growth Pact (*restricted session*)
 - = Adoption of legal acts in the excessive deficit procedure
 - = Adoption of Council opinions on updated stability and convergence programmes
- AOB
 - = Medium-Term Budgetary Objectives (MTOs) and Implicit Liabilities

p.m.

Eurogroup

Breakfast

Union for the Mediterranean (UfM) ECOFIN Ministerial meeting

Ministerial lunch meeting on the Facility for Euro-Mediterranean Investment and Partnership (FEMIP)

¹ Public debate – under Art. 8 (4) of the Council's Rules of Procedure

**PROVISIONAL AGENDA
ECONOMIC AND FINANCIAL AFFAIRS (BUDGET) COUNCIL
BRUSSELS – 10 JULY 2009**

- Preparation of the conciliation meeting with the European Parliament
- Establishment by the Council of the draft budget of the European Union for 2010
- AOB

**PROVISIONAL AGENDA
ECONOMIC AND FINANCIAL AFFAIRS COUNCIL
LUXEMBOURG – 20 OCTOBER 2009**

- Adoption of the provisional agenda
- Approval of the list of "A" items
- Economic situation and current policy challenges
- (poss.) Implementation of the Stability and Growth Pact (*restricted session*)
- (poss.) Follow-up of IMF and World Bank Annual meetings on 4-7 October
- Preparation for the 29-30 October European Council
- Preparation for the G20 Finance Ministers meeting on 7-8 November
- Strengthening EU financial stability arrangements
 - = Council conclusions
- (poss.) Executive pay
 - = Follow-up on recommendations from the Commission
- Taxation
 - Invoicing Directive
 - = General approach
 - Anti-fraud agreements with third countries:
 - Liechtenstein
 - = Adoption of Anti-fraud agreement
 - Other third countries
 - = Adoption of negotiating mandate
- AOB

p.m.

Eurogroup
Breakfast
Lunch

**PROVISIONAL AGENDA
ECONOMIC AND FINANCIAL AFFAIRS COUNCIL
BRUSSELS – 10 NOVEMBER 2009**

- Adoption of the provisional agenda
- Approval of the list of "A" items
- Economic situation and current policy challenges
- (poss.) Implementation of the Stability and Growth Pact (*restricted session*)
- (poss.) Follow-up of 29-30 October European Council
- (poss.) Follow-up of G20 Finance Ministers meeting on 7-8 November
- Sustainability of public finances
 - = Council conclusions
- (poss.) Better regulation
 - = Council conclusions
- Financial services
 - = Capital Requirements Directive I
 - = Directive on Alternative Investment Funds Managers (AIFM)
- Taxation / Good governance
 - New recovery directive
 - = General approach/Progress report
 - Administrative cooperation
 - = General approach/Progress report
- AOB

p.m.

Eurogroup
Breakfast
Macroeconomic dialogue
Meeting with the EFTA countries
Lunch

**PROVISIONAL AGENDA
ECONOMIC AND FINANCIAL AFFAIRS (BUDGET) COUNCIL
BRUSSELS – 19 NOVEMBER 2009**

- Presentation of the Annual Report concerning the financial year 2008 by the Court of Auditors
- Preparation of the conciliation meeting with the European Parliament
- Letter of amendment to the preliminary draft budget for 2010
- Draft EU Budget for 2010 as amended and accompanied by proposals for modifications by the European Parliament: second reading
- AOB

**PROVISIONAL AGENDA
ECONOMIC AND FINANCIAL AFFAIRS COUNCIL
BRUSSELS – 2 DECEMBER 2009**

- Adoption of the provisional agenda
- Approval of the list of "A" items
- Economic situation and current policy challenges
- (poss.) Implementation of the Stability and Growth Pact (*restricted session*)
- Preparations for the 10-11 December European Council
 - Contribution from Ecofin to the discussion on the post-2010 Lisbon Agenda
 - = Council conclusions
- Financial services
 - Financial Supervision
 - Prospectus Directive
 - Single European Payment Area
 - = Council conclusions
- Taxation
 - Code of Conduct for Business Taxation
 - = Council conclusions on the report of the Code of Conduct Group
 - Good Governance
 - Savings Directive
 - = Political agreement
 - VAT fraud
 - = Progress report
- AOB

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Eurogroup

Breakfast

Lunch

Troika meeting with the European Parliament