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Non-legislative activities

4. **European semester 2020**
- a) **Conclusions on the annual sustainable growth strategy 2020** 5819/20
Adoption
- b) **Conclusions on the alert mechanism report 2020** 5821/20
Adoption
- c) **Recommendation on the economic policy of the euro area** 5822/20 + ADD 1
Approval 5687/20

The Council adopted Council Conclusions on the annual sustainable growth strategy 2020 and the alert mechanism report 2020, and approved a draft Council Recommendation on the economic policy of the euro area and an explanatory note accompanying the Council recommendation on the economic policy of the euro area.

Malta presented a statement, as set out in the Annex (page 5).

5. **Economic governance review - Communication from the Commission** 5817/20 + ADD 1-2
Presentation by the Commission

The Commission made a presentation of its Communication on the Economic Governance review.

6. **Preparation of the G20 meetings in February (20-23 February 2020)** 5892/20
G20 EU Terms of Reference
Approval

The Council approved the G20 EU Terms of Reference for the forthcoming meetings of G20 Finance Ministers and Central Bank Governors and their Deputies in Riyadh (20-23 February).

7. **Recommendation on the discharge to be given to the Commission in respect of the implementation of the budget for 2018** 5760/1/20 REV 1 + COR 1
Adoption 5760/20 ADD 1 + ADD 1 COR 1

The Council adopted the recommendation on the discharge to be given to the Commission in respect of the implementation of the general budget for the European Union for the financial year 2018, with the Netherlands voting against and Sweden abstaining.

Sweden and the Netherlands presented a statement, as set out in the Annex (page 6).

8. **Conclusions on the budget guidelines for 2021** 5759/20
Adoption

The Council adopted conclusions setting out its priorities for the Union's budget for the year 2021 (doc. 6092/20). The conclusions will be forwarded to all Union institutions and will be used as a point of reference for the upcoming budget negotiations with the European Parliament.

9. **Any other business**

The Commission informed about the adoption of a report under Article 126(3) reviewing Romania's compliance with the deficit criterion.

Statements to the non-legislative "B" items set out in 5855/1/20 REV 1

Ad "B" item 4: **European semester 2020**
 c) Recommendation on the economic policy of the euro area
 Approval

STATEMENT BY MALTA

"We are supportive of EU and OECD work in curbing tax avoidance and aggressive tax planning;

We are also supportive of finding a consensus-based solution in the OECD IF on BEPS i.c.w the ongoing international tax reforms on the digitalisation of the economy;

We are however concerned that the wording used in this year's EAR Recommendation 2 stretches beyond known parameters in international taxation;

Malta is of the view that the wording therein ("... race to the bottom ...") is ambiguous in nature and appears to be implying that lower levels of taxation are in themselves harmful or abusive;

Malta does not share this view. Malta is of the view that tax competition is of concern only if it is "harmful" in nature, the parameters of which are identified in EU and international work on harmful tax practices;

It is further to be recalled that the setting of taxation levels is an inherent aspect of a country's sovereignty;

Our concerns as to what such assertion in Recommendation 2 is meant to translate to in practice (with a view to addressing such Recommendation) have not been addressed in the run-up to its adoption;

The EAR Recommendation is premature given the "no prejudice" approach adopted for the ongoing work at the Inclusive Framework on BEPS;

Consequently, Malta is abstaining on the adoption of this Council Recommendation."

Ad "B" item 7: **Recommendation on the discharge to be given to the Commission in respect of the implementation of the budget for 2018**
Adoption

JOINT STATEMENT BY SWEDEN AND THE NETHERLANDS
on discharge of the 2018 EU budget:

"With reference to:

- the European Court of Auditors' annual report on the implementation of the EU budget concerning the financial year 2018;
- discharge to be given to the Commission in respect of the implementation of the EU budget for 2018;
- Council recommendation on the discharge to be given to the Commission in respect of the implementation of the general budget of the European Union for the financial year 2018;

Sweden and the Netherlands:

Regret that the estimated level of error reported by the Court continues to be above the materiality threshold of 2 % and increased in 2018 compared to 2017, from 2.4 % to 2.6 %;

Regret that for the 25th consecutive year, the European Court of Auditors has been unable to grant an unqualified Statement of Assurance on the EU budget as a whole and that the error rate for expenditure remains above the acceptable 2 % threshold;

Regret that, for years, the implementation of the EU budget is not according to standards agreed upon. We cannot applaud marginal improvements in some areas, while a large sum of the EU budget remains prone to high levels of error;

Highlight the difference between the estimated level of error for reimbursement payments (4.5 %) and entitlement expenditures (below 2 %) and stress that the reduction of error rates for reimbursement payments must be a top priority. The large difference in error rates highlights the need to reform the management of the EU budget, including by implementing less complex funding rules and by focusing more on results;

Are concerned about the shortcomings of the audit authorities which were detected by the Court. Audit authorities' work play a critical part in ensuring the regularity of the financial spending. Therefore, we encourage all actors involved in the management and control of EU budget implementation to further improve their work in order to obtain, along with simplification of funding rules and implementation procedures both at EU level and in the Member States, a positive impact on the estimated level of error;

Regret that the estimated level of error reported by the Court in the cohesion area has increased significantly from 3.0 % last year to 5.0 % this year and remains well above the 2.0 % materiality threshold. We note that the audited expenditure has increased from EUR 8,0 bln in 2017 to EUR 23,6 bln in 2018. However, since the risk of error is high for this expenditure subject, the amount seems relatively low with regard to the total level of payments of EUR 54,5 bln and could increase based on a risk analysis;

Urge the Commission to continue efforts to increase the focus on results and results-based management. To ensure trust and legitimacy it is essential that the EU-budget efficiently delivers true value to EU-citizens. Ongoing MFF discussions need to consider how the EU- budget can be re-designed to better support overall political priorities, generate results and react to unforeseen challenges;

Strongly urge the Commission and Member States to identify further opportunities to simplify the complex rules and regulatory framework governing EU budget expenditure and delivery systems for shared management in order to improve compliance, as well as focussing on first level controls in order to help get payments right the first time. Simpler, more transparent and more predictable regulation is essential to ensure effective and correct management of EU- funds;

Invite the Commission and Member States to increase efforts to promote transparency and reliability of audits, in view of developments aiming at the application of the principle of cross reliance; and to make Member States' annual control reports publicly available."

Ad "A" item 1: **Conclusions on the revised EU list of non-cooperative jurisdictions for tax purposes**
Adoption

STATEMENT BY GERMANY, SUPPORTED BY AUSTRIA

"In a spirit of compromise, Germany accepts the proposed solution of granting Turkey an extension, until 31 December 2020, of the deadline for fulfilling criterion 1.1 with regard to the EU list of non-cooperative jurisdictions for tax purposes.

We expect that Turkey will commence the automatic exchange of financial account information with all Member States in accordance with the Common Reporting Standard (CRS) by 31 December 2020, and will thus comply with its commitment, as laid down in the CRS, to exchange financial account information with all Interested Appropriate Partners."

STATEMENT BY AUSTRIA

"Regarding the Council Conclusions on the revised EU list of non-cooperative jurisdictions for tax purposes, on point 10 a) with respect to Turkey Austria considers that "putting arrangements in place for the effective implementation of the automatic exchange of information" means that an actual automatic exchange of information will start with all Member States as of the beginning of 2021 at the latest."

Ad "A" item 5: **EU Japan PNR Agreement: Council Decision authorising the opening of negotiations**
Adoption

STATEMENT BY IRELAND

"The Irish delegation notes that it is intended that Coreper/Council will make a decision authorising the opening of negotiations for an Agreement between the European Union and Japan for the transfer and use of Passenger Name Record less than 3 months after presentation of this proposed decision to the Council.

In these exceptional circumstances, mindful of the importance of the proposed Council Decision and in acknowledgement of the need to allow its speedy adoption, the Irish delegation will not insist, in this instance, upon its right to have 3 months within which to exercise Ireland's option to notify the President of the Council of its wish to participate in the adoption and application of the proposed Council Decision in accordance with the provisions of Article 3 of Protocol 21 on the Position of the United Kingdom and Ireland in respect of the area of Freedom, Security and Justice annexed to the Treaty on European Union and the Treaty on the Functioning of the European Union."

STATEMENT BY THE COMMISSION

"The Commission does not consider it necessary that a Council Decision authorising the opening of negotiations indicates a substantive legal basis."
