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Economic and Financial Affairs

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President

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Minister for finance of Finland

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¹ • 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

Council recommendation on the appointment of a member of the Executive Board of the European Central Bank

The Council issued a recommendation to the European Council on the nomination of a new member of the Executive Board of the European Central Bank.

Following a [discussion](#) in the Eurogroup, the Council recommended the candidate put forward by Germany, Isabel Schnabel, currently a professor at the University of Bonn and a member of the German Council of Economic Experts.

The European Council is expected to take a formal decision on the appointment by the end of the year, after consulting the European Parliament and the ECB's Governing Council.

The new member will succeed Sabine Lautenschläger, who decided to resign from her post as on 31 October 2019, for a non-renewable eight-year term.

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

[Appointment of the ECB Executive Board - Council infographic](#)

Excise duties

The Council reached a provisional agreement on measures to improve the business environment for trade in goods subject to excise duties by further improving conditions for fair competition and reducing the administrative burden for companies.

The Council agreed on the following proposals:

- the directive on general arrangements for excise duty;
- the regulation on administrative cooperation on the content of electronic registers.

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

In addition, the Council reached a general approach, without discussion, on an exemption from VAT and excise duty as regards defence effort within the EU framework.

[Text of the Council general approach on excise duty for defence](#)

Transmission and exchange of VAT-relevant payment data

The Council today reached a general approach on a reform to facilitate detection of tax fraud in cross-border e-commerce transactions.

The new rules will enable member states to collect, in a harmonised way, the records made electronically available by payment service providers such as banks. In addition, a new central electronic system will be set up for the storage of the payment information and for the further processing of this information by national anti-fraud officials.

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

Amendments to the directive on the common system of VAT as regards the special scheme for small enterprises

The Council today reached a general approach on a reform of the VAT rules applicable to small businesses.

The new rules will reduce administrative burdens and compliance costs for small enterprises and help to create a fiscal environment. They will help SMEs to grow and participate in cross-border trade, while encouraging voluntary compliance and reducing revenue losses due to VAT fraud.

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

Digital taxation

Ministers took stock of the state of play of work during Finland's presidency on the ongoing OECD discussions regarding tax challenges arising from the digitalisation of the economy, and exchanged views on the way forward in this area.

The discussions showed support for the presidency's proposed way forward and work will continue on that basis in the Council's preparatory bodies. Ministers also stressed the need to ensure that the various solutions at international level are compatible with EU law and that their impact is thoroughly analysed.

The exchange of views followed up on the Ecofin debate of May 2019 during which ministers discussed current international tax reforms and assessed possibilities to prepare negotiations in the OECD. At the time, ministers broadly supported continuing discussions on these matters at EU level, with a view to exchanging ideas on options discussed in the OECD, analysing their impact on the tax revenues and businesses of member states and seeing whether issues common to member states could be identified. Following up on that, Finland's presidency has so far held six rounds of discussions at technical level.

The OECD's 'Task Force on Digital Economy' published an [interim report](#) in March 2018 which provides an analysis of value creation across new and changing business models in the context of digitalisation and the tax challenges they present.

Since then, the task force has intensified its work on the basis of [concrete proposals](#) and public consultations have been conducted. The OECD published a detailed [work programme](#) to address the tax challenges arising from the digitalisation of the economy. The programme was endorsed by the G20 finance meeting in Fukuoka on 9 June 2019.

The ongoing OECD development consists of two work streams:

- Pillar 1 examines rules concerning the reallocation of profits of digitalised businesses by determining new rules on where tax should be paid and what portion of profits should be taxed in a particular jurisdiction.
- Pillar 2 explores the design of a system to ensure that internationally operating companies pay a minimum level of tax in order to protect the countries' tax base from base erosion and profit shifting.

The work in the OECD has intensified during past months and the aim of the OECD is to have a political agreement on the overall architecture of the reforms by January 2020 and a final report by the end of 2020.

[Council webpage on digital taxation](#)

Follow-up to the G20 meeting of finance ministers and central bank governors and to the IMF and World Bank annual meetings in October 2019 in Washington

The presidency and the Commission reported on international finance meetings held in Washington DC in October 2019, namely:

- a G20 meeting of finance ministers and central bank governors on 17-18 October 2019 featuring discussions on the risks to the global economic outlook, international taxation, stablecoins, the G20 Compact of Africa, as well as exchanges on quality infrastructure investment, debt sustainability and financing of universal health coverage;
- IMF annual meetings on 14-20 October 2019, bringing together central bankers, ministers for finance and development, parliamentarians, private sector executives, representatives from civil society and academics to discuss issues of global concern, including the world economic outlook, poverty eradication, economic development, and aid effectiveness.

2019 annual report of the European Fiscal Board

The Chair of European Fiscal Board, Niels Thygesen, presented the [EFB annual report](#) on the implementation of the EU fiscal framework in 2018.

The EFB annual report provides an analysis of fiscal policy surveillance and coordination in the euro area and aims to inform relevant stakeholders, mainly the Commission, and contribute to their efforts to strengthen and improve the EU's fiscal framework. In particular, the report offers a backward-looking assessment of the implementation of the Stability and Growth Pact (SGP) in 2018 and a forward-looking analysis of improvements to the EU's fiscal framework.

The report explains that growth in 2018 was relatively robust and in line with original plans, although slowing compared to the strong momentum of 2017. The structural primary surplus increased marginally, but expenditure was higher than planned and net expenditure grew twice as fast as potential output, signalling fiscal loosening in the euro area. Relatively favourable economic conditions and sustainability challenges called for a neutral fiscal stance in the euro area, with appropriate country differentiation. However, many high-debt countries missed an opportunity to build buffers.

Regarding the SGP implementation in 2018, standard indicators pointed to significant deviations in several countries, while the Commission used additional elements of discretion and refrained from drawing conclusions or taking action. National independent fiscal institutions played a useful role in some countries, but should be reinforced through minimum standards. The EFB found new evidence in its 2018 findings to support its proposal to simplify and reform the EU fiscal governance framework, as presented in its [recent assessment of EU fiscal rules](#).

Conclusions on EU statistics

The Council adopted conclusions on European official statistics in the context of the EU's economic governance framework.

Council conclusions on EU statistics are part of a yearly exercise, where the Council examines reports prepared by various EU statistical bodies and institutions. The conclusions review progress achieved on the priorities for EU statistics that the Council established the previous year, and provide guidance on further work. In particular, they look into statistics used for the excessive deficit procedure, surveillance of macroeconomic imbalances, and structural statistics.

High-quality, comparable and reliable statistics are of key importance to the EU's economic policy-making, and in particular for its economic surveillance procedures. EU policies rely on a variety of statistics that require the timely submission of high-quality socio-economic statistical data.

Council conclusions on EU Statistics (8 November 2019)

Conclusions on climate finance for the COP25

The Council adopted conclusions on climate finance ahead of COP25, the UN climate change conference, which will take place in Madrid from 2 to 13 December 2019.

The EU and its member states remain the largest provider of public climate finance. Their total contributions amounted to €21.7 billion in 2018, up from €20.4 billion in 2017. The contributions were successfully channelled into climate change mitigation and adaptation initiatives in developing countries.

The contribution is seen as an important step towards the implementation of the legally binding climate change agreement reached in Paris in December 2015.

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

Other business

– Current financial services legislative proposals

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

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

– Stablecoins

The presidency informed ministers about a [draft joint statement](#) of the Council and the Commission on stablecoins to be agreed at the December Ecofin.

Events in the margins of the Council meeting

– Macroeconomic dialogue

A [dialogue](#) on macroeconomic issues was held on 7 November 2019 between representatives of the EU institutions and the social partners: employers, trade unions, public enterprises and SMEs at EU level.

Discussion focused on the macroeconomic outlook and the importance of education and training to improve the EU's economic base.

– Eurogroup/Eurogroup in inclusive format

Ministers of the euro-area member states attended a meeting of the Eurogroup on 7 November.

In regular format, ministers held a thematic discussion on innovation and investment and discussed the selection process to appoint a new ECB Executive Board member. They gave their [support](#) to the candidacy of Isabel Schnabel who was put forward by Germany. The Commission presented its autumn economic forecast.

In an inclusive format, the Eurogroup discussed the state of play of reform of the Economic and Monetary Union, including the ESM treaty, an interim report on the European deposit insurance scheme and the state of play of technical work on the budgetary instrument for convergence and competitiveness.

[Eurogroup main results](#)

– ***Ministerial dialogue with EFTA (European Free Trade Association) countries***

Ministers met their counterparts from the EFTA countries: Iceland, Liechtenstein, Norway and Switzerland.

They discussed the economic situation and issues related to sustainable finance.

– ***Joint policy debate with the participation of the ministers for finance and education***

Based on a presidency [discussion paper](#), ministers for finance and education held a public debate on the following topic: ‘A strong economic base for Europe: pursuing effectiveness, efficiency and quality in education and training’. This was the first opportunity for ministers for finance and education to exchange views on the importance of human capital as the foundation of Europe’s welfare. The discussion emphasised the European Council’s ambition to step up investment in people’s skills and education.

OTHER ITEMS APPROVED

ECONOMIC AND FINANCIAL AFFAIRS

Taxation - non-cooperative jurisdictions

The Council today agreed to remove Belize from the EU's list of non-cooperative tax jurisdictions.

Belize has passed the necessary reforms to improve its tax regime for international business companies that was due to be implemented by the end of 2018. Belize will therefore be moved from Annex I to the conclusions, to Annex II, pending the implementation of the country's commitment to amend or abolish the harmful features of its foreign-source income exemption regime by the end of 2019.

The Council also found the Republic of North Macedonia compliant with all its commitments on tax cooperation following its ratification of the OECD multilateral convention on mutual administrative assistance. The country was therefore removed from Annex II to the conclusions.

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

Capital markets union

The Council adopted without discussion a set of legislative reforms contributing to the capital markets union.

The texts concern:

- the creation of a new category of benchmarks contributing to sustainable finance;
- transparency obligations for sustainable investments;
- a new prudential framework for investment firms (directive and regulation);
- a harmonised framework for covered bonds (directive and regulation);
- a regulation promoting access to SME growth markets.

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

EU-wide stress tests for banks

The Council adopted the following conclusions on the European Court of Auditors' special report on EU-wide stress tests for banks.

THE COUNCIL OF THE EUROPEAN UNION:

1. WELCOMES the Special Report of the European Court of Auditors No 10/2019 "EU-wide stress tests for banks: unparalleled amount of information on banks provided, but greater coordination and focus on risks needed".
2. HIGHLIGHTS the importance of the EU-wide bank stress test as a supervisory tool in order to safeguard financial stability and enhance transparency.
3. ACKNOWLEDGES the considerable work undertaken by the EBA, ESRB and the competent supervisory and macroprudential authorities in order to facilitate an appropriate, EU-wide stress test.
4. TAKES NOTE of EBA's and the Commission's replies to the findings of the Court of Auditors presented in the Special Report, as well as, of the good cooperation that took place between the EBA, the Commission, the ESRB, the Court of Auditors, and the competent supervisory and macroprudential authorities.
5. UNDERLINES the importance of conducting an EU-wide stress test which meets the challenges highlighted in the Court of Auditors Special Report, in particular in respect to the establishment of an appropriate, European perspective. That includes, inter alia, appropriate definitions of risks, including the ones stemming from the EU banking sector itself, and their respective coverage within stress scenarios.
6. UNDERLINES that the selection of banks should also be based on their systemic relevance and risk profile and ensure appropriate geographical coverage. Furthermore, a minimum level of stress for all Member States as well as the EU as a whole should be ensured. The population of banks subject to the test should therefore be sufficiently broadened.
7. UNDERLINES further that a satisfactory level of control over the process by EBA should be exercised by aligning methodological choices with the resources allocated for the exercise. The communication of stress test results should take place in a comprehensible and coordinated manner throughout the Union, assuring the provision of key data and information to market participants and the general public.

8. STRESSES the importance of ensuring the highest standards in terms of accuracy, effectiveness, transparency of the EU-wide stress test and WELCOMES in this regard, EBA's response to the recommendations and its intentions to consider them in its ongoing discussion on possible longer-term changes to the EU-wide stress test.

VAT rules

The Council adopted an implementing decision authorising Czechia to apply the generalised reverse charge mechanism on non-cross-border supplies of goods and services from 1 January 2020 until 30 June 2022.

The decision is justified by the fact that the carousel fraud level within Czechia's total VAT gap was more than 25% according to a Commission impact assessment ([10726/19](#)).

BUDGET

Mobilisation of the EU Solidarity Fund for Greece

The Council adopted a decision mobilising €4.6 million in commitments and payments out of the EU Solidarity Fund to provide financial assistance to Greece.

The financial assistance is provided in response to exceptionally heavy rain and storms which hit Crete in February 2019 and led to floods and landslides.

The EU Solidarity Fund can be mobilised in the case of a major natural disaster with serious repercussions on living conditions, the natural environment or the economy in a member state. Major disaster means that the estimated damage must either exceed €3 billion in 2011 prices, or 0.6% of the country's GNI, or 1.5% of the GNI of the region concerned.

The aim of the financial assistance is to contribute to a rapid return to normal living conditions in the affected regions. The EU aid is complementary to the efforts of the country concerned and is used to cover a share of the public expenditure committed to dealing with the damage caused by a major disaster. It is meant to help the beneficiary country to restore infrastructure, provide temporary accommodation, secure preventive infrastructure and clean up disaster-stricken areas.

GENERAL AFFAIRS

Rules of procedure of the Court of Justice

The Council approved the draft amendments to the rules of procedure of the Court of Justice submitted to it by the Court. ([13426/19](#))

The purpose of the draft amendments is to clarify, supplement or simplify certain provisions of the rules of procedure on the basis of the experience gained from their implementation. In addition, some provisions are amended in order to take into account recent developments relating, in particular, to the method of designating the First Advocate General and the new regulatory framework for the protection of personal data in the EU.

In accordance with Article 253 of the Treaty on the Functioning of the European Union, the rules of procedure of the Court of Justice are established by the Court, but they also require the approval of the Council.

Standard scales of unit costs and lump sums - European Social Fund

The Council decided not to object to a Commission regulation setting out standard scales of unit costs and lump sums for reimbursement of expenditure made in certain member states under the European Social Fund (ESF) ([13219/19](#), [12586/19](#) + [ADD 1](#)).

Using standard scales of unit costs and lump sums is expected to simplify procedures for ESF beneficiaries and reduce the administrative burden.

The regulation is a delegated act pursuant to Article 290 of the Treaty on the Functioning of the EU. It now can enter into force, unless the European Parliament objects.

FOREIGN AFFAIRS

European Security and Defence College's budget for 2020

The Council adopts a new financial reference amount for the European Security and Defence College (ESDC) for the period from 1 January 2020 to 31 December 2020.

The Council established the ESDC on 18 July 2005. The ESDC provides EU-level training and education in the field of the Union's Common Security and Defence Policy (CSDP). It aims to develop and promote a common understanding of the CSDP among civilian and military personnel.

[European Security and Defence College](#)

TRADE

EU-Singapore Free Trade Agreement: Council adopts decision on the conclusion of the agreement

The Council adopted a decision on the conclusion of the free trade agreement (FTA) between the European Union and the Republic of Singapore ([13370/19](#) and [7971/18](#)).

As a consequence of the adopted decision, the FTA is now due to enter into force on 21 November 2019.

WTO Council for Trade in Goods: Council decision on the EU position

The Council adopted a decision on the EU position in the WTO Council for Trade in Goods as regards the rules of procedure of the Committee on Trade Facilitation ([13143/19](#)).

In accordance with Article 218(10) TFEU, the Council will inform the European Parliament of the adoption of the above decision.

JUSTICE AND HOME AFFAIRS

European Border and Coast Guard

The Council today adopted a new regulation on the European Border and Coast Guard (Frontex). The European Border and Coast Guard Agency (Frontex) is being strengthened in terms of staff and technical equipment. It is also being given a broader mandate to support member states' activities on border protection, return and cooperation with third countries.

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

Negotiating directive on the conclusion of the MAC protocol

The Council adopted supplemental directives for the negotiations on the conclusion of a Protocol to the Convention on International Interests in Mobile Equipment on Matters specific to Agricultural, Construction and Mining Equipment (MAC protocol). These were adopted ahead of the diplomatic conference on this issue to be held in Pretoria, 11-22 November 2019.

The MAC protocol is an international treaty currently being negotiated that will increase global productivity in the mining, agriculture and construction sectors. The treaty will provide an international legal framework for the financing of MAC equipment.

The MAC protocol is an extension of the convention on international interests in mobile equipment, adopted in 2001 in Cape Town, South Africa (the ‘Cape Town Convention’). The convention is designed to establish an international legal regime for the creation, enforcement, registration and priority of security interests in categories of high-value, uniquely identifiable mobile equipment.

INTERNAL MARKET AND INDUSTRY

Adoption of the directive on the modernisation of EU consumer protection rules*

The Council approved the European Parliament’s position at first reading on a directive aimed at modernising EU consumer protection rules. The Slovak delegation voted against, while the German, Austrian and Polish delegations abstained.

The directive ensures a more effective application of consumer protection law throughout the Union by harmonising different national regulations, enhancing the effectiveness of fines and penalties for intra-EU infringements and improving awareness among consumers, traders and legal practitioners about consumer rights and consumer redress, especially in the online world.

The directive is therefore adopted in the wording which corresponds to the position of the European Parliament ([PE-CONS 83/19](#)).

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

Adoption of the regulation on general safety of vehicles*

The Council approved the European Parliament's position at first reading on a regulation aimed at reducing the number of road casualties and/or injuries across the EU. The UK delegation abstained.

The regulation imposes the installation of a number of advanced safety systems in motor vehicles.

The regulation is therefore adopted in the wording which corresponds to the position of the European Parliament ([PE-CONS 82/19](#)).

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

Council decision on the EU position in UNECE (November 2019)

The Council agreed on the position to be taken by the Commission on behalf of the European Union at the meeting of the United Nations Economic Commission for Europe (UNECE) World Forum for Harmonisation of Vehicle Regulations, which takes place from 12 to 14 November 2019. This position refers to a number of modifications to existing UN Regulations, UN Global Technical Regulations and resolutions to be adopted during the above-mentioned meeting ([13053/19](#)).

TRANSPARENCY

Public access to documents

On 8 November 2019, the Council approved the replies to the following confirmatory applications:

- No 27/c/01/19 ([12236/19](#));
 - No 29/c/02/19 ([13627/19](#));
 - No 30/c/01/19 ([12709/19](#));
 - No 31/c/03/19 ([12744/19](#));
 - No 17/c/02/19 ([10659/19](#)).
-