BACKGROUND[1]
Brussels, 2 October 2020

Video conference of economics and finance ministers
Tuesday, 6 October 2020

The video conference of economics and finance ministers will start at 10:00. It will be chaired by Germany's Federal Minister of Finance and Vice Chancellor, Olaf Scholz.

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Ministers will discuss the Recovery and Resilience Facility, the main instrument of the recovery package.

After a presentation by the Commission, they will have an exchange of views on the digital finance package published by the Commission on 24 September.

Ministers will hold an exchange of views on lessons learned from the European Semester 2020 and ways forward in the context of the recovery from the COVID-19 crisis.

The Presidency will inform ministers of the outcome of the Eurogroup discussion on the appointment of a new member of the Executive Board of the European Central Bank and the procedure for the adoption of the Council recommendation on that appointment to the European Council.

The Commission will present its communication on an action plan on making further progress on the Capital Markets Union. Ministers will be invited to express their initial views on this action plan.

Ministers will also take stock of preparations for the upcoming international meetings and be updated on legislative work and the implementation of adopted legislation in the field of financial services.

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On 5 October, the Eurogroup will meet in a regular format from 15:00 to discuss priorities for reforms and investment in the euro area and the seventh enhanced surveillance report on Greece. The Eurogroup will also prepare for international meetings and select a new ECB Executive Board member.

Press conferences (virtual):

- after the Eurogroup meeting *(Monday evening)*;
- at the end of the Council *(Tuesday lunchtime).*

Ecofin meeting page
Eurogroup meeting page
Press conferences and public events by video streaming
Video conference of economics and finance ministers - video coverage in broadcast quality (MPEG4) and photo gallery
Eurogroup video conference - video coverage in broadcast quality (MPEG4) and photo gallery

[1] This note has been drawn up under the responsibility of the press office.

Recovery and Resilience Facility

Ministers will discuss the Recovery and Resilience Facility (RRF), the main instrument of the recovery package proposed by the Commission in May 2020.

The proposal has been discussed intensively during the past few months within the Council and ministers will be invited to provide their views on the few outstanding issues regarding the RRF, including governance, control systems and the challenges to be addressed in the recovery and resilience plans to be submitted by member states with a view to receiving RRF support.

The discussion should allow for a swift adoption of the Council's position on this instrument.

The aim of the RRF is to provide large-scale financial support to reforms and investments undertaken by member states to mitigate the economic and social impact of the COVID-19 pandemic and to make the EU economies more sustainable, resilient and better prepared for the challenges posed by the green and digital transitions.

At their meeting on 17-21 July 2020, EU leaders defined the parameters of a comprehensive package, which comprises the next multiannual financial framework - €1 074.3 billion - and a temporary recovery instrument amounting to €750 billion (in 2018 prices). Almost 90% of the recovery instrument funds would be channelled through the RRF (€672.5 billion), which would offer a mix of grants (€312.5 billion) and loans (€360 billion).

EU leaders also provided guidance as regards some other key aspects of the RRF, including the allocations to member states and the governance process.

Building on this political guidance, work has continued within the Council to define the Council's position on a draft regulation establishing the RRF.

European Council conclusions, 17-21 July 2020

COVID-19: the EU's response to the economic fallout (Council webpage)

Digital finance package

After a presentation by the Commission, ministers will have an exchange of views on the digital finance package, published on 24 September 2020.

The package includes the Commission's digital finance strategy and retail payments strategy, proposals on crypto-assets and a proposal on digital operational resilience for the financial sector.

The Commission's digital finance strategy sets out general lines on how the EU can support the digital transformation of finance in the coming years, while at the same time regulating its risks. The strategy sets out four main priorities:

- removing fragmentation within the digital single market,
- adapting the EU regulatory framework to facilitate digital innovation,
- promoting a data-driven finance and
- addressing the challenges and risks with digital transformation, including enhancing the digital operational resilience of the financial system.

The retail payments strategy aims to further develop the European payments market so that the EU can benefit fully from innovation and the opportunities that come with digitalisation. The strategy focuses on:

- creating the conditions to make the development of instant payments and EU-wide payment solutions possible;
- consumer protection and ensuring payment solutions are safe;
- and lessening the EU's dependency on major global players in this area.

The Commission also proposes a framework on crypto-assets to allow for innovation in a way that preserves financial stability and protects investors. It differentiates between those crypto-assets already governed by EU legislation, and other crypto-assets. For previously unregulated crypto-assets, including ‘stablecoins’, the Commission proposes a bespoke regime. The proposed regulation sets strict requirements for issuers of crypto-assets in the EU and crypto-asset service providers wishing to apply for an authorisation to provide their services in the single market.

The aim of the proposed ‘Digital Operational Resilience Act' (DORA) is to ensure that all participants in the financial system have the necessary safeguards in place to mitigate cyber-attacks and other risks. The proposed legislation will require all firms to ensure that they can withstand all types of Information and Communication Technology (ICT) - related disruptions and threats. It also introduces an oversight framework for ICT providers, such as cloud computing service providers.

In their discussion on the package, ministers are expected to focus on payments and the importance of the digital finance package for European sovereignty and competitiveness in the digital age.

Digital finance package (European Commission)

European Semester 2020 – Lessons learned and ways forward in the recovery context

Ministers will hold an exchange of views on lessons learned from the European Semester 2020 and ways forward in the context of the recovery from the COVID-19 crisis.

The chairman of the Economic and Financial Committee (EFC) will report on discussions in the EFC and the Economic Policy Committee.

The Commission will present the Annual Sustainable Growth Strategy published on 17 September, which provides the starting point of the 2021 European Semester cycle.

The exchange of views among ministers is expected to focus, in particular, on the forward-looking elements of the European Semester process, including the changes that will be introduced in the forthcoming exercise in view of the introduction of the Recovery and Resilience Facility in 2021.

The European Semester involves the simultaneous monitoring of the member states' economic, fiscal and employment policies during what is roughly a six month period every year. It covers a broad range of policy areas and involves several Council configurations and preparatory committees.

In the light of policy guidance from the European Council every March, the member states present each year:

- national reform programmes for their economic and employment policies;
- stability/convergence programmes for their fiscal policies.

The European Semester concludes in July with the adoption of country-specific recommendations (CSRs).

In order to improve the process and the implementation record of the CSRs, the committees conduct an annual lessons learned exercise.

In 2020, the European Semester was adjusted and refocused following the onset of the COVID-19 pandemic to take into account the pressing priorities for member states to address the effects of the pandemic. In the same context, the activation of the General Escape Clause in the Stability and Growth Pact in March 2020 resulted in an absence of quantitative fiscal requirements to member states for 2021.

The 2021 exercise of the European Semester will also be adjusted. The Annual Sustainable Growth Strategy published on 17 September 2020 was accompanied by Commission guidelines to member states on the preparation of recovery and resilience plans, which will temporarily be integrated into the European Semester cycle.

ECB executive board - nomination of a new member

The Presidency will inform ministers of the next steps following the Eurogroup discussion on 5 October on the appointment of a new member of the Executive Board of the European Central Bank.

These steps include the adoption of the Council recommendation on this appointment (this time - by written procedure) and the final appointment of the new member by the European Council, after it has consulted the European Parliament and the ECB's Governing Council.

Following a call for applications at the September 2020 Eurogroup meeting, the President of the Eurogroup received two candidatures:

- the Netherlands has proposed Frank Elderson, Executive Board Member of De Nederlandsche Bank (the national central bank of The Netherlands);
- Slovenia has proposed Boštjan Jazbec, Member of the Board and Director of Resolution Planning and Decisions, at the Single Resolution Board and Chair of Cross-border Crisis Management Group for banks at the Financial Stability Board.

The new member will succeed Mr Yves Mersch, whose term of office expires on 14 December 2020.

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]

International meetings

The Presidency will inform ministers about preparations for the upcoming international meetings:

- - a G20 finance ministers' and central bank governors' meeting on 14 October;
- - the IMFC annual meeting on 15-16 October.

Given health concerns related to COVID-19, the meetings will be held in a virtual format.

The G20 finance ministers and central bank governors' virtual meeting will cover financial sector issues, international taxation and discussions on the state of the response to the COVID-19 pandemic, including the global economic development and outlook, updates to the G20 action plan addressing the COVID-19 pandemic and the Debt Service Suspension Initiative. The meeting will be the last G20 ministerial meeting under the Saudi presidency. A communiqué is expected to be issued.

On 26 March 2020, an extraordinary G20 leaders' summit was convened via videoconference in response to the COVID-19 pandemic. In its statement, the G20 committed itself to taking the necessary action to fight the pandemic, safeguard the global economy, address international trade disruptions and enhance global cooperation.

On 15 April, the G20 finance ministers and central bank governors agreed on an action plan aimed at supporting the global economy through the COVID-19 pandemic. It sets out the key principles guiding the G20 response, and its commitments and actions to:

- drive forward international economic cooperation to support the health response;
- support the economy to minimise short-term disruptions from containment measures and maintain conditions for a strong recovery;
- secure strong, sustainable, balanced and inclusive growth in the recovery phase;
- ensure international financial support to help countries combat the pandemic and its economic impact;
- learn the lessons from the COVID-19 pandemic and prevent similar health, social and economic consequences in the future.

Action plan on the Capital Markets Union

The Commission will present its communication on a new action plan on the Capital Markets Union (CMU), published on 24 September 2020.

The presentation will be followed by an exchange of views among ministers, which will feed into the preparation of Council conclusions on this matter. The Presidency aims to adopt the conclusions at the December meeting of the ECOFIN Council.

Ministers will be invited to outline their overall assessment of the renewed action plan, including their priorities as regards the principles and measures mentioned in the Commission's communication.

The Commission's action plan has three key objectives:

- Ensuring that the EU's economic recovery is green, digital, inclusive and resilient by making financing more accessible for EU companies, in particular SMEs;
- Making the EU an even safer place for individuals to save and invest in the long term;
- Integrating national capital markets into a genuine EU-wide single market for capital.

To do this, the Commission is putting forward sixteen targeted measures to make real progress in completing the CMU. These include:

- Creating a single access point to company data for investors;
- Supporting insurers and banks to invest more in EU businesses;
- Strengthening investment protection to support more cross-border investment within the EU.
- Facilitating the monitoring of pension adequacy across Europe;
- Making insolvency rules more harmonised or convergent;
- Pushing for progress in supervisory convergence and in the consistent application of the single rulebook for financial markets in the EU.

The proposed measures build on the progress made in the 2015 CMU action plan and in the 2017 mid-term review. They are also a response to calls from the European Parliament and the Council to strive for a more integrated CMU. They are informed by detailed discussions with stakeholders and the recommendations of the High Level Forum on the Capital Markets Union.

Action plan on the capital markets union (EUR-Lex)

A new vision for Europe's capital markets - Final report of the High-Level Forum on the Capital Markets Union

Council conclusions of 5 December 2019 on the deepening of the Capital Markets Union

Financial services legislation

Under 'other business', the Presidency will update ministers regarding work on legislative proposals in the field of financial services.

September 2020 note on the progress on financial services legislative files

The Commission will brief ministers on the state of play in implementing adopted legislation.

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Other information

On 6 October 2020, the Council is expected to update, by written procedure, **the list of non-cooperative jurisdictions for tax purposes**.

February 2020 Council conclusions on the EU list of non-cooperative jurisdictions

Taxation: EU list of non-cooperative jurisdictions (background information)