Council of the European Union

PRESS
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BACKGROUND[1]
Brussels, 15 February 2021

Informal video conference of economic and finance ministers
Tuesday 16 February 2021

The video conference of economic and finance ministers will start at 10.00. It will be chaired by Portugal's Minister for Finance, João Leão.

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Ministers will have an exchange of views on the current economic situation and outlook.

The presidency will provide an overview of the state of play regarding the Recovery and Resilience Facility, in particular its entry into force. Ministers will exchange views on priorities for the national recovery and resilience plans.

The Commission will brief ministers on the issuance of SURE bonds and the lessons learnt.

Ministers will take stock of the situation regarding the ratification of the own resources decision. The Commission will outline the building blocks for the Next Generation EU borrowing strategy.

The presidency will inform ministers about the guidelines for the EU budget for 2022 and the recommendation on the discharge to be given to the Commission for the implementation of the EU's general budget for 2019.

Ministers will discuss international issues. They will exchange views on how to promote an EU Global Recovery Initiative and take stock of preparations for the upcoming meeting of G20 finance ministers and central bank governors.

Ministers will also take stock of the work regarding the update of the EU list of non-cooperative jurisdictions for tax purposes.

The Presidency will present the state of play of financial services legislative proposals.

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On 15 February, the ***Eurogroup*** *will hold a video conference at 15.00 in its regular format. It will discuss macroeconomic developments and policy prospects in the euro area, the international role of the euro and recent developments in the solvency of the corporate sector.*

Press conferences (virtual):

- after the Eurogroup meeting *(Monday evening)*
- after the video conference of economic and finance ministers *(Tuesday afternoon)*

Video conference page
Eurogroup meeting page
Press conferences and public events by video streaming
Video conference - 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.

Economic recovery in the European Union

a) Economic situation and outlook

Ministers will exchange views on the current economic situation and outlook.

They will hear a presentation from the Commission on its 2021 winter forecast and a presentation from the European Central Bank.

The winter 2021 economic forecast projects that the euro area economy will grow by 3.8% in both 2021 and 2022, and the EU economy will grow by 3.7% in 2021 and 3.9% in 2022.

The euro area and EU economies are expected to reach their pre-crisis levels of output earlier than anticipated in the autumn 2020 economic forecast, largely because of the stronger than expected growth momentum projected in the second half of 2021 and in 2022.

After strong growth in the third quarter of 2020, economic activity contracted again in the fourth quarter as a second wave of the pandemic triggered renewed containment measures. With those measures still in place, the EU and euro area economies are expected to contract in the first quarter of 2021. Economic growth is set to resume in the spring and gather momentum in the summer as vaccination programmes progress and containment measures gradually ease. An improved outlook for the global economy is also set to support the recovery.

The Commission also highlights that the economic impact of the pandemic remains uneven across member states and the speed of the recovery is projected to vary significantly.

Winter 2021 economic forecast (European Commission)

b) Implementation of the Recovery and Resilience Facility

Ministers will take stock of the implementation of the Recovery and Resilience Facility.

The presidency will provide an overview of the state of play and final steps before the entry into force of the facility. Ministers will discuss the priorities of the recovery and resilience plans following their exchange of views on the plans in January.

The Council adopted the regulation establishing the facility on 11 February. The Presidency of the Council and the President of the EP signed the RRF Regulation on 12 February. It is expected to be published in the Official Journal on 18 February and will enter into force the following day.

After the entry into force of the regulation, member states can start officially submitting their recovery and resilience plans to the Commission. They have until 30 April, as a rule, to do this. Then, generally, the Commission will have up to two months to assess the plans and subsequently the Council will have four weeks to adopt its decision on the final approval of each plan.

EU recovery package: Council adopts Recovery and Resilience Facility (press release, 11 February 2021)

Regulation establishing the Recovery and Resilience Facility

A recovery plan for Europe (background information)

c) SURE

The Commission will brief ministers on its borrowing operations under the SURE instrument and on the experience acquired in the process.

SURE (European instrument for temporary support to mitigate unemployment risks in an emergency) is a temporary facility which can provide up to €100 billion in loans under favourable terms to member states to help them finance national measures taken to address the socio-economic fallout from the pandemic. These measures primarily include short-time work schemes and similar measures, including for self-employed persons, and some health-related measures, in particular at the workplace.

The Council has already approved a total of €90.3 billion in SURE financial support to 18 member states.

In order to provide requesting member states with SURE financial assistance on favourable terms, the Commission raises funds on international capital markets, on behalf of the EU.

By 27 January, the Commission had issued so-called 'social bonds' worth a total of €53.5 billion in four rounds under the EU's SURE instrument. The bonds elicited high interest among investors, resulting in favourable pricing terms for the bonds.

These funds have been disbursed to 15 member states.

SURE (European Commission)

d) Financing of NGEU

The presidency will inform ministers about the state of play regarding the ratification of the own resources decision. The Commission is expected to outline its thinking on the building blocks for the borrowing strategy related to Next Generation EU (NGEU).

The own resources decision defines how the EU budget is financed. Among other things, it will authorise the Commission, on an exceptional basis, to borrow up to €750 billion at 2018 prices on the capital markets to finance NGEU. To enter into force it needs to be approved by all 27 EU member states in accordance with their constitutional requirements.

A quick ratification of the decision is particularly important for the implementation of the Recovery and Resilience Facility. Under the facility, member states will be able to get pre-financing in 2021 of up to 13% of the grants and loans provided for in their approved national recovery and resilience plan. The funds can only be committed and paid, however, once the EU's own resources decision has entered into force.

As of 15 February, five member states have given formal notification of ratification of the own resources decision.

The Commission is currently developing its overall approach for the borrowing operations under NGEU. It is expected to present a communication on its borrowing and lending operations in April.

Own resources decision - formal notifications

EU budget

a) Discharge to be given to the Commission in respect of the implementation of the budget for 2019

The presidency will inform delegations about the state of play and next steps in the discharge procedure concerning the EU's general budget for the financial year 2019.

The Council is expected to adopt after the video conference, by written procedure, a recommendation that the European Parliament give a discharge to the Commission for the implementation of the EU's 2019 budget. The decision is to be taken by the Parliament. The recommendation has been prepared on the basis of the Court of Auditors' annual report on the implementation of the budget, published in November 2020.

In its annual report, the court concluded that the revenue for the financial year 2019 is legal and regular and free from material error. At the same time, the court issued an adverse opinion on the legality and regularity of expenditure after finding that high-risk expenditure (mainly spending on a reimbursement basis, which is subject to complex rules) is increasingly affected by material error and represents over half of the audit population. The court therefore considered, unlike in the previous three years, that the error in expenditure is pervasive.

In the light of the court's report on the performance of the EU budget, a separate section of the Council recommendation also covers this issue.

The Council is also due to adopt, by written procedure, recommendations on the discharge to be given to the directors of the EU's 32 'decentralised' agencies, 6 executive agencies and 8 joint undertakings for the implementation of their 2019 budgets.

These recommendations follow the court's 2019 annual reports on EU agencies and joint undertakings.

The recommendations require a qualified majority for adoption by the Council. (Legal basis: article 319 of the Treaty on the Functioning of the European Union.)

Draft Council recommendation on the 2019 budget discharge

Court of Auditors report on the implementation of the EU's general budget for 2019

Court of Auditors report on the performance of the EU budget – Status at the end of 2019

Draft Council recommendation on 2019 discharge to the decentralised agencies

Draft Council recommendation on 2019 discharge to the executive agencies

Draft Council recommendation on 2019 discharge to the joint undertakings

b) Conclusions on the budget guidelines for 2022

The presidency will inform delegations about the state of play and next steps regarding the budget guidelines for 2022. The guidelines are intended as input for the Commission when it prepares the draft EU budget for 2022, which will be submitted for negotiations between the European Parliament and the Council.

The conclusions on budget guidelines for 2022 are expected to be adopted by the Council by written procedure after the video conference.

The draft budgetary guidelines underline that the budget for 2022 will play an important role in the development and delivery of the EU's long-term objectives and political priorities, contributing to the economic recovery from the COVID-19 pandemic, reinforced by the funds provided from the Next Generation EU (NGEU) recovery instrument.

The Council considers that the budget for 2022 should be realistic, in line with actual needs, ensure prudent budgeting and leave sufficient margins under the ceilings of the multiannual financial framework (MFF) to deal with unforeseen circumstances. At the same time, it should provide sufficient resources to ensure the implementation of EU programmes and to allow commitments already made under the current and previous MFF to be paid in due time. The level of outstanding commitments (RAL) should be continuously monitored.

As regards administrative expenditure, the Council calls on all EU institutions, bodies, offices and agencies to present, by the end of 2021, a comprehensive and targeted approach for optimising staff resources at the 2020 level in line with the July 2020 European Council conclusions. It also stresses the importance of keeping the funding of decentralised agencies under firm control.

Regarding NGEU, the Council calls on the Commission to guarantee full transparency and visibility of all funds by providing all relevant information, and to regularly inform member states of the assigned revenue entered in the budget, including from NGEU and the Trade and Cooperation Agreement with the UK. The Council also stresses the importance of transparency as regards the financing costs of NGEU.

Draft Council budget guidelines for 2022

International cooperation

a) EU Global Recovery Initiative

Ministers will hold an exchange of views on the financing and policy priorities for the recovery of low-income countries in the context of an EU Global Recovery Initiative.

The pandemic has raised the issue of how developing and low-income countries can finance their recovery given that half of low-income countries are currently at high risk of or already in debt distress. The EU Global Recovery Initiative was put forward by Commission President Von der Leyen in May 2020 when she called for an initiative linking debt relief and investments to the Sustainable Development Goals (SDGs).

Ministers are expected to discuss different ways in which the EU and its member states could combine efforts to address the financing gaps for recovery in low-income countries at both global and country level, following up the conclusions on international debt relief, in particular for African countries, adopted by the Council in November 2020.

Debt relief efforts for African countries: Council approves conclusions (press release, 30 November 2021)

b) Preparations for the G20 finance ministers and central bank governors meeting on 26 February 2021

The presidency will inform ministers about the preparations for the meeting of the G20 finance ministers and central bank governors on 26 February.

This is the first such meeting under the G20 Italian presidency. Finance ministers and central bank governors are expected to address the future of the global economy and related policy actions in the aftermath of the outbreak of the COVID-19 pandemic. They will also discuss how to take the international taxation agenda forward; financial regulation, financial inclusion and sustainable finance; and how the international community could protect global commons, notably global health and the environment, in a sustainable and inclusive manner.

The Council is expected to approve the EU terms of reference for this meeting by written procedure.

The G20 meeting of finance ministers and central bank governors provides a forum for key countries in the international financial system to discuss major international economic issues and to coordinate to achieve stable and sustainable growth of the global economy. The meeting has been convened annually since 1999.

Participants in the meeting are: finance ministers and central bank governors of the G20 members (Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, South Korea, Mexico, Russia, Saudi Arabia, South Africa, Turkey, the UK, the US and the EU), and representatives of international organisations, including the IMF and World Bank, and of invited countries. The EU delegation is composed of the finance minister of the EU Council presidency, the European Commission and the president of the European Central Bank.

More information on Italy's 2021 G20 presidency

EU list of non-cooperative tax jurisdictions

Ministers will take stock of the work as regards the revision of the EU list of non-cooperative tax jurisdictions.

The list is expected to be updated, by written procedure, in February.

The EU list of non-cooperative jurisdictions for tax purposes is part of the EU's external strategy for taxation and aims to contribute to ongoing efforts to promote tax good governance worldwide. It lists non-EU jurisdictions that either have not engaged in a constructive dialogue with the EU on tax governance or have failed to deliver on their commitments to implement reforms to comply with a set of objective tax good governance criteria. These criteria concern tax transparency, fair taxation and the implementation of international standards against tax-base erosion and profit shifting.

The list is included in Annex I to the Council conclusions on the EU list of non-cooperative jurisdictions for tax purposes. The Council conclusions also contain a state-of-play document (Annex II) identifying non-EU jurisdictions which do not yet comply with all international tax standards but have committed to reforming their tax policies. Once a jurisdiction meets all its commitments, it is removed from the annex.

Council's page on the EU list of non-cooperative jurisdictions

Council's page on the code of conduct group on business taxation

The EU list of non-cooperative jurisdictions for tax purposes (Official Journal, 7 October 2020)

Financial services legislation

The presidency will update ministers on legislative proposals in the field of financial services.

February 2021 note on the progress on financial services legislative files

Banking union (background information)

Capital markets union (background information)

Digital finance (background information)