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Economic and Financial Affairs

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P R E S S

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CONTENTS¹**ITEMS DEBATED**

Presidency work programme	4
Implementation of banking union	5
Economic governance - 2016 European Semester.....	6
VAT fraud.....	8
Other business	9
– Ongoing work on legislative dossiers.....	9
– Terrorist financing.....	9

OTHER ITEMS APPROVED*ECONOMIC AND FINANCIAL AFFAIRS*

– Prospectuses	11
----------------------	----

FOREIGN AFFAIRS

– EU-Armenia Cooperation Council	11
– Morocco: Security of information	11

TRADE POLICY

– Protection against injurious pricing of vessels	11
---	----

JUSTICE AND HOME AFFAIRS

– EU Agency for Fundamental Rights - FYROM.....	12
– Schengen evaluation - Austria.....	12
– Europol: International agreements.....	12
– Corruption convention - Croatia.....	12

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.

AGRICULTURE

- Spirit drinks - Definition of the category "liqueur" 13

FISHERIES

- Northeast Atlantic fisheries 14
- Implementation of international obligations 14

TRANSPORT

- Rail transport 15

ENERGY

- Energy infrastructure: Projects of common interest 15
- Emergency situations: Radioactive contamination of food and feed 16

FOOD LAW

- Food additives - Health claims 16

TRANSPARENCY

- Public access to documents 16

ITEMS DEBATED

Presidency work programme

The Netherlands presidency presented a work programme on economic and financial affairs for the duration of its term, which runs from January to June 2016.

The Council held an exchange of views.

The presidency's priorities include:

- strengthening the EU's banking union;
- developing an EU capital markets union;
- strengthening and streamlining the European Semester policy coordination process;
- promoting action against tax evasion and tax avoidance.

Amongst other objectives, the Council will continue work to further strengthen the EU's economic and monetary union.

[2016 Netherlands presidency work programme for economic and financial affairs](#)

Implementation of banking union

The Council briefly reviewed implementation of Europe's banking union, following the entry into force of measures to ensure the orderly resolution of failing banks.

On 1 January 2016, the EU's single resolution mechanism (SRM) became operational and one of its key components – the single resolution fund (SRF) – entered into force. For banking union member states, the national resolution funds that were previously set up under common rules for all 28 member states will gradually merge part of their funds into the SRF.

Some member states have however run up delays in implementing those common rules. The delays concern directives on bank recovery and resolution and on deposit guarantee schemes.

The Commission provided an update on this, including (as concerns the banking union member states) on the SRF and bridge financing for the SRF.

The banking union currently comprises the 19 countries of the euro area, whilst 7 other member states have also indicated their intention to join. The two directives apply to all 28 member states.

The bank recovery and resolution directive identifies the powers and instruments at the disposal of national authorities for the resolution of failing banks. It sets out to preserve essential bank operations and minimise taxpayers' exposure to losses in the event of a bank being resolved.

The directive on deposit guarantee schemes (DGSs) establishes harmonised EU rules. It requires all banks to join a DGS in order that deposits of up to €100 000 should be protected. It introduces requirements for the supervision of DGSs and regular stress tests, and includes provisions to better accommodate retail depositors' needs.

[Press release on the adoption of the regulation establishing the SRM](#)

[Press release on the signature of the intergovernmental agreement on the SRF](#)

[Press release on the adoption of the bank recovery and resolution directive](#)

[Press release on the Council's approval of the directive on deposit guarantee schemes](#)

Economic governance - 2016 European Semester

The Council considered growth prospects and macroeconomic imbalances under the "European Semester", the EU's annual policy coordination process.

It adopted conclusions concerning two documents from the Commission:

- the annual growth survey, with the Commission's main conclusions for 2015;
- an "alert mechanism report", the starting point for the EU's annual macroeconomic imbalances procedure.

It also approved a draft recommendation on the economic policies of the euro area.

The 2016 European Semester will conclude in July, with the adoption of country-specific recommendations on the member states' economic, employment and fiscal policies.

In its annual growth survey, the Commission proposes that efforts be focused on the three following priorities:

- relaunching investment;
- pursuing structural reforms to modernise member states' economies;
- responsible fiscal policies.

[Council conclusions on 2016 annual growth survey](#)

The alert mechanism report identifies 18 member states for which further assessment is needed to determine whether macroeconomic imbalances exist. These are Austria, Belgium, Bulgaria, Croatia, Estonia, Finland, France, Germany, Hungary, Ireland, Italy, the Netherlands, Portugal, Romania, Slovenia, Spain, Sweden and the United Kingdom.

The Commission is due to publish its in-depth reviews for these member states at the end of February 2016.

[Council conclusions on 2016 alert mechanism report](#)

The draft recommendation will be referred to the European Council in February, with a view to adoption on 8 March 2016.

The draft essentially recommends:

- pursuing sound economic policies;
- implementing labour, product and services market reforms;
- pursuing fiscal policies in full respect of the EU's Stability and Growth Pact, with the objective of a broadly neutral aggregate fiscal stance in 2016 and with a view to reducing public debt in 2017;
- facilitating the gradual reduction of banks' non-performing loans and improving insolvency proceedings for businesses and households
- working towards completion of the EU's economic and monetary union.

[Draft 2016 Council recommendation on the economic policy of the euro area](#)

[Explanatory note on 2016 recommendation on the economic policy of the euro area](#)

VAT fraud

The Council discussed the prevention of VAT fraud through wider use of a reversal of liability for VAT payments ("reverse charge mechanism").

This item was added to the agenda at the request of the Czech Republic. The reverse charge mechanism is currently applied in accordance with articles 194-199a of directive 2006/112/EC on VAT. It involves shifting VAT liability from the supplier (as normally required by EU rules) to the customer.

The Council asked the Commission to pay due attention to anti-fraud measures in preparing a communication on the future of the EU's VAT system. It asked it to look at the pros and cons, as well as the legal aspects of giving specific member states the opportunity to test the wider application of the reverse charge mechanism for domestic supplies.

The Commission is expected to issue its communication in March 2016.

Other business

– *Ongoing work on legislative dossiers*

The Council took note of ongoing work on legislative proposals on financial services.

– *Terrorist financing*

The Commission updated the Council on the preparation of an action plan for strengthened measures to prevent the financing of terrorism. The Council will revisit this subject in February 2016.

Meetings in the margin of the Council

– ***Informal meeting with the European Parliament***

The presidency troika (the current and two next presidencies) and the Commission held an informal meeting with representatives of the European Parliament.

The discussion focused on shadow banking, banking union, capital markets union and bank structures.

– ***Eurogroup***

The Eurogroup met on 14 January 2015. It discussed the economic adjustment programmes for Greece and Cyprus, economic policy recommendations for the euro area and the interim results of an IMF consultation with the euro area. It also held a thematic discussion on national insolvency frameworks.

[Eurogroup main results](#)

– ***Ministerial breakfast***

Ministers held a breakfast meeting to discuss the economic situation. They also discussed a proposed refugee facility for Turkey.

OTHER ITEMS APPROVED

ECONOMIC AND FINANCIAL AFFAIRS

Prospectuses

The Council decided not to object to the adoption by the Commission of a regulation supplementing the so-called prospectus directive (2003/71/EC) with regard to regulatory technical standards for the approval and publication of prospectuses and the dissemination of advertisements.

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

FOREIGN AFFAIRS

EU-Armenia Cooperation Council

The Council approved the EU's position for the 16th meeting of the EU-Armenia Cooperation Council.

The meeting will be held in Brussels on 18 January 2016.

Morocco: Security of information

The Council adopted a decision authorising the High Representative for Foreign Affairs and Security Policy to open negotiations with Morocco on a security of information agreement.

TRADE POLICY

Protection against injurious pricing of vessels

The Council approved a compromise agreed with the European Parliament on a draft regulation on protection against the injurious pricing of vessels ([11396/15](#) + [PE-CONS 25/15](#)).

The regulation codifies regulation 385/96 on protection against injurious pricing of vessels and will supersede the various acts incorporated in it. It preserves the content of the acts being codified.

JUSTICE AND HOME AFFAIRS

EU Agency for Fundamental Rights - FYROM

The Council adopted a decision on the position to be taken by the EU-FYROM (former Yugoslav Republic of Macedonia) Stabilisation and Association Council on FYROM's participation as an observer in the EU Agency for Fundamental Rights ([11416/1/14 REV 1](#)).

Schengen evaluation - Austria

The Council adopted a recommendation on addressing the deficiencies identified in the 2015 evaluation of Austria's application of the Schengen acquis in the field of police cooperation ([5356/16](#)).

Europol: International agreements

The Council adopted a decision approving the conclusion by the European Police Office (Europol) of a Europol agreement with the United Arab Emirates on strategic cooperation in the fight against serious crime and terrorism ([10510/1/15 REV 1](#)).

It also adopted a decision approving the conclusion by Europol of an agreement on operational and strategic cooperation with Bosnia and Herzegovina ([10509/1/15 REV 1](#)).

Corruption convention - Croatia

The Council adopted a decision on the accession of Croatia to a convention on the fight against corruption involving EU officials and officials of EU member states ([15245/15](#)).

AGRICULTURE

Spirit drinks - Definition of the category "liqueur"

The Council decided not to oppose adoption by the Commission of an amendment to annex II to regulation 110/2008 on the definition, description, presentation, labelling and the protection of geographical indications of spirit drinks ([14767/15](#) + [ADD 1](#))

The regulation adjusts and details the definition of spirit drinks of the category "liqueur" which can be made either by flavouring ethyl alcohol or a distillate of agricultural origin or one or more spirit drinks or a mixture thereof, or by adding products of agricultural origin or foodstuffs.

The regulation is subject to the regulatory procedure with scrutiny. The Commission may adopt it, unless the European Parliament objects.

Food hygiene - Requirements for gelatine and collagen

The Council decided not to oppose adoption by the Commission of a regulation amending annex III to regulation 853/2004¹ as regards requirements for gelatine, collagen and highly refined products of animal origin intended for human consumption ([14050/15](#)).

Regulation 853/2004 lays down specific rules for food business operators on hygiene for food of animal origin. It provides in particular that food business operators are to ensure that raw materials for the production of gelatine and collagen for human consumption come from sources that meet the public and animal health requirements laid down in EU legislation.

The delegated act introduces several adjustments to those requirements such as:

- allowing specific treatments to exclude public and animal health risks linked to imported raw materials prior to placing on the market in the EU;
- adapting the requirements for the production process for collagen to allow practical changes in cases where a change does not result in a different level of public health protection;

¹ OJ L 139, 30.4.2004, p. 55.

- adapting the analytical methods for verifying residue limits in gelatine and collagen;
- harmonising conditions for EU member states and foreign countries and laying down specific requirements for the production of certain highly refined products of animal origin intended for human consumption.

The regulation is subject to the regulatory procedure with scrutiny. The Commission may adopt it, unless the European Parliament objects.

FISHERIES

Northeast Atlantic fisheries

The Council adopted a regulation amending regulation 1236/2010 on a scheme for control and enforcement applicable in the area covered by a convention on multilateral fisheries cooperation in the Northeast Atlantic ([PE-CONS 61/15](#)).

Regulation 1236/2010 transposes into EU law the scheme of control and enforcement adopted by the North-East Atlantic Fisheries Commission (NEAFC). It lays down certain specific control measures to monitor fishing activities in the area covered by the convention. The convention, to which the EU is a contracting party, is aimed at ensuring the long-term conservation and optimal use of fishery resources in the Northeast Atlantic, providing sustainable, environmental and social benefits.

At its annual meetings in 2012 and 2013, the NEAFC adopted recommendations amending the control and enforcement scheme. The amendment introduces those recommendations into EU legislation.

Implementation of international obligations

The Council decided not to oppose an amendment to delegated regulation 2015/98 on the implementation of the EU's international obligations under the international convention for the conservation of Atlantic tunas (ICCAT) and the convention on multilateral fisheries cooperation in the Northwest Atlantic ([14467/15](#)).

The Commission adopted delegated regulation 2015/98 in November 2014. The regulation clarifies in which cases the landing obligation set out in regulation 1380/2013¹ on the Common Fisheries Policy (CFP) does not apply (with respect to the recommendations and rules of certain regional fisheries management organisations).

Following the entry into force of that regulation, certain elements were discovered to be missing from its scope and it was therefore necessary to amend the delegated regulation accordingly.

TRANSPORT

Rail transport

The Council decided not to oppose adoption by the Commission of a regulation updating regulation 454/2011 on the technical specification for interoperability relating to the "telematics applications for passenger services" subsystem of the trans-European rail system.

The update takes account of the fact that the European Railway Agency has implemented a change to the management process for technical documents.

The regulation is subject to the regulatory procedure with scrutiny. The Commission may now adopt it, unless the European Parliament objects.

ENERGY

Energy infrastructure: Projects of common interest

The Council decided not to object to a Commission delegated regulation ([14341/15 + COR1 + ADD1 + ADD2](#)) concerning the EU's list of energy projects of common interest.

Regulation 347/2013 on guidelines for trans-European energy infrastructure (TEN-E) requires the Commission to adopt a delegated act establishing a list of projects of common interest every two years.

¹ OJ L 354, 28.12.2013, p. 22.

Projects of common interest are specific energy infrastructure projects that are necessary to implement the 12 priority corridors and thematic areas laid down in the TEN-E regulation. They are considered critical for completing the European internal energy market and for achieving the EU's energy policy objective of affordable, secure and sustainable energy.

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

Emergency situations: Radioactive contamination of food and feed

The Council adopted a regulation ([5226/15](#) + [COR1 REV1 de](#)) laying down maximum permitted levels of radioactive contamination of food and feed following a nuclear accident or any other radiological emergency.

FOOD LAW

Food additives - Health claims

The Council decided not to object to a Commission regulation amending annex II to regulation 1333/2008 as regards the title of the food additives category "Vinegars" ([15273/15](#)).

The Council also decided not to object to a Commission regulation refusing to authorise certain health claims made on foods ([14805/15](#) + [14869/15](#)).

The regulations are delegated acts pursuant to article 290 of the Treaty on the Functioning of the EU. They can now enter into force, unless the European Parliament objects.

TRANSPARENCY

Public access to documents

On 15 January 2016, the Council approved:

- the reply to confirmatory application No 23/c/01/15 ([14178/15](#) + [14178/15 COR 1](#)).
