



**COUNCIL OF
THE EUROPEAN UNION**



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3158th Council meeting

General Affairs

Brussels, 26 March 2012

President

Mr Nicolai WAMMEN

Minister for European Affairs of Denmark

P R E S S

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Main results of the Council

*The Council focused on the **multiannual financial framework (MFF)** for the 2014-2020 period, discussing the first elements of a so-called negotiating box outlining the most central issues and options for certain parts of the MFF.*

The discussion covered budget headings 1 (smart and inclusive growth), with the exception of cohesion policy and the "Connecting Europe" facility, 3 (security and citizenship), 4 (global Europe) and 5 (administration), as well as some horizontal issues.

The Danish presidency intends to establish the basis for a substantive discussion by the European Council in June, so as to enable the MFF to be adopted by the end of the year. This would allow a smooth transition to the new MFF from the one currently in force.

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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.

APPOINTMENTS

– Committee of the Regions 13

PARTICIPANTS

Belgium:

Mr Dirk WOUTERS

Permanent Representative

Bulgaria:

Ms Bisserka BENISHEVA

Director General for the EU, Ministry of Foreign Affairs

Czech Republic:

Mr Vojtěch BELLING

Secretary of State (Office of the Government)

Denmark:

Mr Nicolai Halby WAMMEN

Minister for European Affairs

Mr Michael ZILMER-JOHNS

State Secretary for Foreign Policy

Germany:

Mr Michael LINK

State Minister of the German Ministry of Foreign Affairs

Estonia:

Mr Matti MAASIKAS

Permanent Representative

Ireland:

Ms Lucinda CREIGHTON

Minister of State for European Affairs (Departments of the Taoiseach and Foreign Affairs)

Greece:

Mr Stavros DIMAS

Minister for Foreign Affairs

Spain:

Mr Íñigo MÉNDEZ DE VIGO Y MONTOJO

State Secretary for the European Union

France:

Mr Jean LEONETTI

Minister with responsibility for European Affairs, attached to the Ministre d'Etat, Minister for Foreign and European Affairs

Italy:

Mr Enzo MOAVERO MILANESI

Minister responsible for European Affairs

Cyprus:

Mr Andreas MAVROYIANNIS

Deputy Minister to the President of the Republic of Cyprus for European Affairs

Latvia:

Mr Andris TEIKMANIS

State Secretary, Ministry of Foreign Affairs

Lithuania:

Mr Egidijus MEILŪNAS

Deputy Minister for Foreign Affairs

Luxembourg:

Mr Jean GRAFF

Director General for Economic and International Affairs

Hungary:

Ms Enikő GYŐRI

State Secretary, Ministry of Foreign Affairs

Malta:

Mr Richard CACHIA CARUANA

Permanent Representative

Netherlands:

Mr Ben KNAPEN

Minister for European Affairs and International Cooperation

Austria:

Mr Wolfgang WALDNER

State Secretary, Federal Ministry of European and International Affairs

Poland:

Mr Mikołaj DOWGIELEWICZ

State Secretary, Ministry of Foreign Affairs

Portugal:

Mr Miguel MORAIS LEITÃO

State Secretary attached to the Minister for Foreign Affairs, with responsibility for European Affairs

Romania:

Mr Leonard ORBAN

Minister for European Affairs

Slovenia:

Mr Igor SENČAR

State Secretary at the Ministry of Foreign Affairs

Slovakia:

Mr Ivan KORČOK

Permanent Representative

Finland:

Mr Jan STORE

Permanent Representative

Sweden:

Ms Birgitta OHLSSON

Minister for EU Affairs

United Kingdom:

Mr David LIDINGTON

Minister of State for Foreign and Commonwealth Affairs

Commission:

Maroš ŠEFČOVIČ

Vice President

Mr Janusz LEWANDOWSKI

Member

.....

The government of the acceding state was represented as follows:

Croatia:

Mr Joško KLISOVIĆ

Deputy Minister for Foreign and European Affairs

ITEMS DEBATED

MULTIANNUAL FINANCIAL FRAMEWORK

The Council discussed, in public session, the first elements of the negotiating box outlining the most central issues and options for certain parts of the multiannual financial framework (MFF) for the 2014-2020 period ([8057/12](#) + [ADD 1](#)).

The negotiating box discussed by ministers covers budget headings 1 (smart and inclusive growth), with the exception of cohesion policy and the "Connecting Europe" facility (CEF)¹, 3 (security and citizenship), 4 (global Europe) and 5 (administration), as well as some horizontal issues, in particular the question of whether some instruments should be placed inside or outside the MFF.

Many delegations called for consolidation efforts undertaken at national level to be reflected in the EU budget framework for 2014-2020. Some highlighted the contribution that the EU budget may make in terms of enhancing growth and creating jobs. Nearly all referred to the importance of simplifying EU legislation. Many member states asked that macro-economic conditionality be included in the horizontal part of the negotiating box rather than limiting it to the cohesion part of the box.

On heading 1, all delegations agreed that excellence should be a core criterion in research and development financing. Some highlighted, however, the need for balanced access to funding for all member states. Some member states asked that nuclear decommissioning be mentioned in the negotiating box.

With regard to heading 3, many delegations stressed the importance of EU action in the area of asylum and migration. Some suggested that the current structure of this heading be maintained, with a sub-heading 3a dedicated to freedom, security and justice and a sub-heading 3b covering citizenship.

On heading 4, many member states emphasised enlargement and neighbourhood policy as priority areas. A number of delegations highlighted the importance of reaching the goal of spending 0.7% of the EU's Gross National Income (GNI) on official development assistance by 2015. Some insisted on a fixed percentage for assistance meeting the criteria of the development assistance committee (DAC) of the OECD, while others preferred not to have a quantitative objective.

¹ The "Connecting Europe" facility is a new instrument proposed by the Commission aimed at accelerating infrastructure development in transport, energy and information and communication technologies across the EU.

Concerning heading 5, the need to consolidate administrative expenditure was raised by many delegations, and various proposals for savings were made. At the same time, delegations underlined the need for the European civil service to remain efficient.

On the question of whether some instruments should be placed inside or outside the MFF, some member states considered that, for the sake of transparency and budget discipline, all instruments should be placed inside the MFF. Others considered that, on account of their specific characteristics, some instruments should be placed outside the MFF, as proposed by the Commission. Some member states objected to the proposed new contribution key for the European Development Fund (EDF). Some opposed increased flexibility for enabling the European Union to respond to unforeseen circumstances. Some delegations advocated the elimination of certain instruments which are outside the 2007-2013 MFF. Several delegations mentioned the issue of unused commitments ("reste à liquider", RAL); some called for concrete measures to reduce the scope of RAL, whereas others considered unused commitments to be a normal feature of the EU budget procedure.

In the coming weeks, the presidency will supplement the negotiating box with the remaining elements of the MFF negotiating package, i.e. cohesion, CEF, heading 2 (sustainable growth: natural resources and own resources). The General Affairs Council of 24 April is will discuss the negotiating box for cohesion and heading 2 (sustainable growth: natural resources). From mid-May onwards the Council will pursue its work on the MFF on the basis of a negotiating box comprising all parts of the negotiation package.

As the negotiations progress, the negotiating box will be continuously updated with a view to reducing and ultimately reconciling the gaps between the member states' positions.

Finance ministers will discuss the MFF at an informal meeting in Copenhagen on 30 and 31 March, without however drawing any conclusions.

The European Council on 28 and 29 June will discuss the negotiating box as the basis for the final stage of negotiations. The aim is to finalise the negotiations on the MFF by the end of this year.

FOLLOW-UP TO THE DECEMBER AND MARCH EUROPEAN COUNCILS

The Council took stock, on the basis of a note from the presidency, of the follow-up given to the December and March meetings of the European Council, as well as the January meeting of heads of state or government.

The presidency note focuses on the growth agenda, economic policy, the multiannual financial framework, justice and home affairs, climate policy, trade and enlargement ([7824/1/12 REV 1](#)).

OTHER ITEMS APPROVED

BUDGETS

Financing of ITER

The Council adopted its position on draft amending budget no 1 for 2012, approving the incorporation of EUR 650 million in commitments from the margin of sub-heading 1a (competitiveness for growth and employment) into the article devoted to the International Thermonuclear Experimental Reactor (ITER)¹.

This measure is fully in line with the agreement reached between the European Parliament and the Council in December 2011 ([18557/11](#)).

FOREIGN AFFAIRS

International Cocoa Agreement

The Council adopted a decision approving the conclusion of a revised international cocoa agreement².

The 2010 agreement, negotiated by the UN cocoa conference, replaces a 2001 version of the international cocoa agreement. It was signed by the EU in June 2011 and has been provisionally applied since then. The European Parliament gave its consent on 13 March 2012.

¹ The Luxembourg, Dutch and Swedish delegations abstained.

² The text of the International Cocoa Agreement was published in OJ L259 of 4 October 2011, p. 8.

ECONOMIC AND FINANCIAL AFFAIRS

Derogation from the VAT directive for Romania

The Council adopted a decision authorising Romania to introduce a measure derogating from directive 2006/112 on the EU system of value-added taxation (VAT) ([7009/12](#)).

The decision allows Romania, by way of derogation from point 18 of article 287 of the directive, to exempt from the payment of VAT taxable persons whose annual turnover is no higher than the equivalent in Romanian currency of EUR 65 000 (at the conversion rate on the day of its accession to the EU).

A special scheme for small companies is an option that is already available to member states under the VAT directive; the Romanian measure derogates only insofar as the annual turnover threshold is higher.

It is expected that the measure will improve the general level of VAT compliance. The Council's decision will apply until entry into force of a directive amending the amounts of annual turnover ceilings below which taxable persons may qualify for VAT exemption, or until 31 December 2014, whichever date is earlier.

EMPLOYMENT

Mobilisation of the European Globalisation Adjustment Fund for Spain

The Council adopted a decision mobilising EUR 1.64 million under the European Globalisation Adjustment Fund, providing support for workers made redundant in the Spanish construction sector.

Demand for new houses has dropped significantly in Spain, due to a reduction of loans to the sector and to individuals following the global financial and economic crisis.

ENVIRONMENT

Ecolabel - Newsprint paper

The Council decided not to oppose adoption by the Commission of a decision establishing the ecological criteria for the award of the EU Ecolabel for newsprint paper ([6858/12](#)).

The production of newsprint paper consumes significant amounts of energy, wood and chemicals, and may lead to environmental damage or risks related to the use of the natural resources.

Established by regulation 66/2010¹, the EU Ecolabel is awarded to products with a reduced environmental impact during their life cycle. The draft decision is subject to the regulatory procedure with scrutiny; now that the Council has given its consent, the Commission may adopt the decision, unless the European Parliament objects.

TRADE POLICY

Euro-Mediterranean convention on preferential rules of origin

The Council authorised the conclusion, on behalf of the EU, of a regional convention on pan-Euro-Mediterranean preferential rules of origin ([9429/10](#)).

The convention provides a single legal instrument to replace the current pan-Euro-Mediterranean system of cumulation of origin based on individual protocols applicable between partner countries.

For details, see press release: [8128/12](#).

¹ OJ L 27, 30.1.2010.

TRANSPARENCY

Public access to documents

The Council approved:

- the reply to confirmatory application No 04/c/01/12, the Danish, Finnish and Swedish delegations voting against ([6764/12](#)).

APPOINTMENTS

Committee of the Regions

The Council appointed Ms Urve ERIKSON (Estonia) as member of the Committee of the Regions for the remainder of the current term of office, which runs until 25 January 2015 ([7694/12](#)).
