COUNCIL OF
THE EUROPEAN UNION

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# PRESS RELEASE

3003rd Council meeting

## Economic and Financial Affairs

Brussels, 16 March 2010

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| President | **Ms Elena SALGADO**<br>Second Vice-President of the Government and Minister for Economic Affairs and Finance of Spain |

**P R E S S**

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## Main results of the Council

*The Council followed up the decision it took in February 2010 with regard to Greece, assessing the timetable for implementation of measures aimed at reducing* ***Greece's government deficit****. It considered that, on the basis of current information, Greece is appropriately implementing the Council's decision and Greece's stability programme, and that the announced measures appear sufficient to safeguard 2010 budgetary targets.*

*The Council approved a general approach on a draft directive aimed at simplifying* ***VAT invoicing*** *requirements, in particular as regards electronic invoicing, and a directive on strengthened mutual assistance between member states in the* ***recovery of taxes.*** *It also adopted a directive aimed at closing off VAT fraud in* ***greenhouse gas emission allowance trading.***

*In preparation for the spring meeting of the European Council, the Council adopted conclusions on:*

– *preparation of a* ***new EU strategy for growth and jobs,*** *the EU 2020 strategy****;***

– ***exit strategies*** *with regard to support schemes for the financial sector and crisis-related measures in labour and product markets;*

– *the follow-up to the UN's Copenhagen conference on* ***climate change****, as regards financing.*

*It also adopted conclusions establishing priorities for the EU's general* ***budget for 2011****.*

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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.

# PARTICIPANTS

The governments of the Member States and the European Commission were represented as follows:

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| **Belgium:** | |
| Mr Didier REYNDERS | Deputy Prime Minister and Minister for Finance and Institutional Reforms |
| **Bulgaria:** | |
| Mr Simeon DJANKOV | Deputy Prime Minister and Minister for Finance |
| **Czech Republic:** | |
| Mr Eduard JANOTA | Minister for Finance |
| **Denmark:** | |
| Mr Claus HJORT FREDERIKSEN | Minister for Finance |
| **Germany:** | |
| Mr Jörg ASMUSSEN | State Secretary, Ministry of Finance |
| **Estonia:** | |
| Mr Jürgen LIGI | Minister for Finance |
| **Ireland:** | |
| Mr Brian LENIHAN | Minister for Finance |
| **Greece:** | |
| Mr George PAPACONSTANTINOU | Minister for Finance |
| **Spain:** | |
| Ms Elena SALGADO | Second Vice-President of the Government and Minister for Economic Affairs and Finance |
| Mr José Manuel CAMPA | State Secretary for Economy |
| **France:** | |
| Ms Christine LAGARDE | Minister for Economic Affairs, Industry and Employment |
| **Italy:** | |
| Mr Giulio TREMONTI | Minister for Economic Affairs and Finance |
| **Cyprus:** | |
| Mr Charilaos STAVRAKIS | Minister for Finance |
| **Latvia:** | |
| Mr Einars REPŠE | Minister for Finance |
| **Lithuania:** | |
| Ms Ingrida ŠIMONYTĖ | Minister for Finance |
| **Luxembourg:** | |
| Mr Luc FRIEDEN | Minister for Finance |
| **Hungary:** | |
| Mr Tamás KATONA | State Secretary, Ministry of Finance |
| **Malta:** | |
| Mr Tonio FENECH | Minister of Finance, Economy and Investment |
| **Netherlands:** | |
| Mr Jan Kees de JAGER | Minister for Finance |
| **Austria:** | |
| Mr Josef PRÖLL | Vice Chancellor and Federal Minister for Finance |
| **Poland:** | |
| Mr Jan VINCENT-ROSTOWSKI | Minister for Finance |
| **Portugal:** | |
| Mr Fernando TEIXEIRA DOS SANTOS | Ministro de Estado, Minister for Finance |
| **Romania:** | |
| Mr Sebastian VLADESCU | Minister for Finance |

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| **Slovenia:** | |
| Mr Franc KRIŽANIČ | Minister for Finance |
| **Slovakia:** | |
| Mr Ján POČIATEK | Minister for Finance |
| **Finland:** | |
| Mr Jyrki KATAINEN | Deputy Prime Minister, Minister for Finance |
| **Sweden:** | |
| Mr Anders BORG | Minister for Finance |
| **United Kingdom:** | |
| Mr Alistar DARLING | Chancellor of the Exchequer |

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| **Commission:** | |
| Mr Olli REHN | Member |
| Mr Michel BARNIER | Member |
| Mr Algirdas ŠEMETA | Member |
| Mr Janusz LEWANDOWSKI | Member |

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| **Other participants:** | |
| Mr Jean-Claude TRICHET | President of the European Central Bank |
| Mr Philippe MAYSTADT | President of the European Investment Bank |
| Mr Thomas WIESER | Chairman of the Economic and Financial Committee |
| Mr Lorenzo CODOGNO | Chairman of the Economic Policy Committee |

## ITEMS DEBATED

## EXCESSIVE DEFICIT PROCEDURE – FOLLOW-UP TO DECISION ON GREECE

The Council examined a communication from the Commission assessing action taken by Greece in response to the decision it took on 16 February on the correction of Greece's excessive deficit.

The Council welcomed the first report by Greece, submitted on 8 March, and the Commission's communication. It shared the Commission's view that Greece is appropriately implementing the Council's decision and Greece's stability programme. It welcomed the additional measures announced by the Greek government on 3 March, amounting to 2% of gross domestic product (GDP) and consisting of permanent revenue-increasing measures and permanent expenditure cuts in equal shares. In line with the Commission's assessment, the Council considered that these additional measures appear sufficient to safeguard budgetary targets for 2010, provided that they are implemented effectively, fully and in a timely manner.

In its 16 February decision, adopted under article 126(9) of the Treaty on the Functioning of the European Union, the Council:

– gave notice to Greece to bring its government deficit below 3% of GDP, the reference value set by the EU treaty, by 2012;

– set out a timetable of measures to be taken, including a target of 8.7% of GDP for its 2010 budgetary deficit, which represents a 4 percentage points reduction from the estimated 12.7% deficit for 2009;

– set 16 March as the first of a series of deadlines for reporting on measures taken;

– stated that, to the extent that a number of risks associated with the specified deficit and debt ceilings materialise, Greece would announce, in its first report, additional measures to ensure that the 2010 budgetary target is met.

Greece has been subject to an excessive deficit procedure since April 2009.

# PREPARATION OF THE SPRING MEETING OF THE EUROPEAN COUNCIL

**New EU strategy for growth and jobs: EU 2020 strategy -** *Council conclusions*

The Council held an exchange of views, with a view to the European Council meeting to be held on 25 and 26 March, on the preparation of a new EU strategy for jobs and growth.

The European Council is due to agree on the general framework of the strategy, in the light of a communication from the Commission (*doc. 7110/10*), and drawing on preparatory work by several Council configurations. It is expected to adopt the new strategy at its meeting in June.

The Council adopted the following conclusions and agreed to forward them to the European Council.

"Objectives and Priorities

1. The Council TAKES NOTE of the Commission Communication on "Europe 2020 – a European Strategy for smart, sustainable and inclusive growth". It outlines an adequate framework for the European Union and Member States for exiting the crisis and addressing the structural weaknesses of the European economy and the macroeconomic challenges that have increased with the crisis. Overall the approach responds well to the views expressed by the Ecofin Council on 2 December 2009 in the context of "the Lisbon Strategy post-2010".

2. The Council EMPHASISES the need to firmly set the EU on an upward path of sustainable growth and employment creation and AGREES with the three proposed priorities of the Europe 2020 Strategy: Smart growth; Sustainable growth; and Inclusive growth. The Council CONSIDERS that the "Flagship Initiatives" set out by the Commission provide a good basis for reflections on how to focus efforts on the appropriate areas.

3. The Council also EMPHASISES that restoring macro-economic stability and returning Member States' public finances on a sustainable path are prerequisites for growth and jobs, and that growth is important to support fiscal consolidation. The Council therefore UNDERLINES that structural reforms and fiscal consolidation under the Stability and Growth Pact (SGP) need to go hand in hand and STRESSES the need to ensure that macroeconomic and fiscal constraints are fully observed as they are a prerequisite for long-term sustainability of our social models.

4. The Council UNDERLINES that the Europe 2020 Strategy should be an agenda for all Member States, taking into account different starting positions and country specificities, that promotes growth for all.

   It further CONSIDERS that the Strategy shall contribute to supporting economic, social and territorial cohesion across Member States and regions of the EU.

Mobilising EU level instruments

5. The Council TAKES NOTE of the proposal to mobilise EU policies and instruments, including legal and financial instruments (including cohesion policy), to pursue the EU2020 objectives. The Council in particular SUPPORTS the proposal to:

   – make full use of the single market policy to reduce fragmentation and remove obstacles to cross-border activities;

   – develop a strong external economic agenda; and

   – improve instruments to help finance Europe 2020. In this context greater consideration could be given to deploying better the existing Community policy instruments and aligning the priorities of the EU budget with the Europe 2020 Strategy, without pre-empting the forthcoming discussions on the new financial framework; and by designing innovative finance instruments, in particular proposals in cooperation with the EIB Group to streamline and better leverage EU budget resources and EIB Group finance.

Exit strategies and structural reforms

6. The Council AGREES that the Europe 2020 strategy, in the aftermath of the crisis, needs to respond to the challenge of reorienting policies away from crisis management towards the introduction of medium- to longer-term reforms that promote the sustainability of public finances and enhance potential growth. The Council has already taken an active role in agreeing on principles for a coordinated strategy for withdrawing the fiscal stimulus and financial markets support measures, as well as for the timing and sequencing of phasing-out short-term crisis related measures in labour and product markets. The Council is COMMITTED to continuing to closely monitoring the implementation of exit strategies in the various areas.

7. The Council AGREES that there is a need to start identifying areas that constitute bottlenecks, including infrastructure, to growth at EU and national level and designing policies that will provide the right conditions for sustainable and balanced growth and jobs in the future.

   This will contribute to safeguarding the European social models and to protecting the environment. The Council CALLS on the Commission to work further with the Member States and the Economic Policy Committee and the Economic and Financial Committee, by building on existing analytical frameworks, to contribute to identifying the most important bottlenecks to growth for each Member State and at the European level in time for the June Ecofin Council.

8. The Council UNDERLINES the importance of immediately starting the implementation of structural reforms. Structural reforms that carry low costs and low risks of inducing adverse short-term economic effects at the current juncture (e.g. on fiscal frameworks, on the quality of public finances, on pensions and other entitlements, competition enhancing policies and initiatives to reduce undue administrative burdens) should be launched without delay. In addition, other structural reforms, for example in the labour market, will have to be considered.

Targets

9. The Council TAKES NOTE of the proposal to define five headline targets for the EU to be achieved by 2020, and to translate these into national targets. As regards the choice of headline targets, the Council UNDERLINES the importance of outcome oriented targets and of ensuring coherence across the different headline targets and between EU level and national level targets. The Council further UNDERLINES the need for a clear link to enhancing productivity and to growth and jobs as well as the need to respect the principle of subsidiarity. The Council CONSIDERS that urgent consideration should be given to a wider indicator that would reflect R&D and innovation. Further consideration will have to be given to the principle and the correct design of a possible social inclusion target. Further analysis at the EU and national level is necessary of the implication of reference values based on a process of partnership between the Commission, the Member States and the Council, taking into account national starting positions and circumstances.

10. The Council RECOMMENDS that progress towards meeting the EU and national targets should be monitored rigorously by the European Council at least annually on the basis of contributions from the European Commission and the relevant Council formations. The European Council may want to consider setting intermediate milestones towards achieving the targets set for 2020.

Governance

11. The Council ACKNOWLEDGES the new enhanced governance framework proposed for Europe 2020. The Council SUPPORTS the approach of pursuing the new reform agenda through EU and national level initiatives and the delivery of the headline targets, under a thematic approach, on the one hand, and through effective country surveillance, focussing on the implementation of exit strategies; macroeconomic issues related to growth and competitiveness, including macro-economic imbalances and macro-financial stability; and ensuring sustainable public finances, on the other hand. In particular, the Council SUPPORTS the active involvement and ownership by the European Council both in discussing these issues on a regular basis and providing political guidance in individual policy areas and in assessing progress towards the Europe 2020 targets.

12. The Council CONSIDERS that the timing of processes should be assessed with a view to enhancing the overall consistency of policy advice to Member States. The Council STRESSES the close policy inter linkages between structural reforms and public finances: structural reforms contribute to sustainable public finances both directly (e.g. pension reforms) and indirectly by supporting growth and jobs.

13. The Council NOTES that country-specific recommendations under the Broad Economic Policy Guidelines (BEPGs, Treaty Article 121.2), will focus on policy advice to tackle macroeconomic imbalances; to strengthen competitiveness; and structural reforms that are key growth drivers. The Council WILL explore ways and means to ensure that such country-specific recommendations under the BEPGs are in conformity with national and EU fiscal frameworks and public finance constraints. To ensure overall coherence between the macro/fiscal framework and the thematic agendas, the Council NOTES the proposal to address, under the BEPGs, recommendations on the proposed thematic issues that have significant macroeconomic implications.

14. The Council AGREES that enhanced country surveillance will be fundamental to achieve the overriding goals of the Europe 2020 strategy. This would include both the issuing of more precise and candid policy recommendations to Member States and a closer follow-up of recommendations than in the past.

    Close coordination of exit strategies will also be required to ensure coherence and avoid negative spill-over effects throughout the EU.

15. In view of the existence within the monetary union of larger spill-over effects, the Council CONSIDERS that closer coordination of exit strategies, stronger follow-up mechanisms with regard to country surveillance and more outspoken policy advice are particularly important within the euro area to ensure the well functioning of EMU. The Lisbon Treaty (Article 136) has opened up new possibilities in this regard. The Council LOOKS FORWARD to the Commission's proposals for a more formalised framework in time for the June Ecofin Council.

16. The Council EMPHASISES the importance of developing transparent evidence-based evaluation frameworks to ensure the effectiveness of surveillance both in the country and the thematic pillars and coherent recommendations and CALLS on the Economic Policy Committee to contribute to the development of such frameworks to be ready in time for the June European Council.

17. The Council further STRESSES that consideration should be given to strengthening the EU dimension and harnessing EU instruments to make the most of the potential at EU level and that monitoring of progress of EU level actions has to be enhanced further, to ensure a genuine, concrete and coordinated policy agenda and that the interaction between EU policies and national policies mutually reinforce each other.

Communication

18. The Council also RECALLS the importance of public awareness and support for the successful implementation of policies and reforms. To this end the Council CONSIDERS that policy advice should be made public. Moreover, progress towards meeting both the headline targets of the Europe 2020 Strategy and other key macroeconomic variables should be published, based on appropriate indicators closely linked to the achievement of the final targets.

Concluding remarks

19. The Council (Ecofin) STANDS READY to work further on the governance structure of the Europe 2020 Strategy, including preparing the new integrated guidelines on the basis of a Commission proposal to be endorsed by the June European Council. The Council (Ecofin) also STANDS READY to:

– support the European Council, if requested, with the provision of strategic guidance, including for a possible Annual Economic Summit;

– play its full role in the proposed setup of macro-structural economic country surveillance under Europe 2020, thus ensuring the coherence and consistency of the policies under Europe 2020, in particular with regard to strictly observing Member States' macroeconomic and fiscal constraints;

– work closely with other Council formations to provide the analytical underpinning for the individual flagship initiatives under the thematic pillar of the new strategy; and

– develop and carry out macro-structural country surveillance, focusing on public finance issues, imbalances and potential growth drivers, taking full account of spill-over effects.

Finally, the Council EMPHASISES the usefulness of carrying out a mid-term review of the Strategy in 2013/14."

**Exit strategies: support schemes for the financial sector -** *Council conclusions*

The Council adopted the following conclusions, and agreed to submit them to the European Council, with a view to its spring meeting (25 and 26 March).

"The Council AGREED in December on the main principles for exit strategies from government financial support schemes and, namely, that phasing out should be coordinated among Member States, taking into account country specificities, since the crisis has affected Member States and their financial sector differently.

The Council also AGREED that the timing of exit should take into account a range of elements, including macro-economic and financial sector stability, the functioning of credit channels, a systemic risk assessment and the natural phasing out by banks, and that the phasing out should start with government guarantees.

The Council INVITED the EFC, with the cooperation of the Commission, CEBS and the ECB, to closely monitor the developments and further discuss possible ways forward and to report to the Council by February 2010.

The Council WELCOMES the present EFC report. It TAKES NOTE that concrete improvements have been registered in the functioning of financial markets, but also of the signs of fragility which are still present in EU banks and bank lending and that the situation is far from normal. The Council also TAKES NOTE of the fact that there are still problems in some parts of the banking sector which need to be addressed urgently by adequate restructuring.

Against this background, the Council WELCOMES the efforts of the Commission services, which are in the process of carrying out an analysis of pricing conditions and of the actual use of guarantee schemes and TAKES NOTE of the preliminary evidence provided by this analysis, namely that the use of debt guarantees is declining, although still a considerable amount was issued before the end of 2009. The Council also ACKNOWLEDGES that some Member States have not extended their guarantee scheme and one additional Member State required a roll-over under different conditions.

Finally, the Council INVITES the Commission to continue its work, in cooperation with the ECB, and finalise its assessment on bank debt guarantees, and in particular on the cost of guaranteed and not guaranteed funding and on the evolution of market funding in the EU banking sector. The Council also INVITES the EFC to promptly discuss the results of such assessment, to promote a coordinated phasing out of support measures among Member States, to further analyse how to avoid negative spill-over effects considering specific circumstances in Member States, as well as to monitor the developments in the financial markets and to report to the Council on a regular basis as well as in view of the European Council of June 2010."

**Exit strategies: crisis-related measures in labour and product markets -** *Council conclusions*

The Council adopted the following conclusions, and agreed to submit them to the European Council, with a view to its spring meeting (25 and 26 March).

"Member States have implemented a wide range of temporary measures to respond to the economic crisis and support the emerging recovery under the European Economic Recovery Plan (EERP). The large majority of these measures are consistent with EERP principles of being temporary, timely and targeted and have usefully supplemented the important role of the automatic stabilisers in supporting employment and economic activity during the depths of the crisis.

The Council EMPHASISES that it is important to complement existing principles for exit strategies in the areas of fiscal policy and financial markets with principles to underpin the coordinated withdrawal of short-term measures in labour and product markets. If left in place too long these measures could hinder adjustment processes within and across sectors by distorting price and cost signals and by introducing wrong incentives. The Council NOTES there have been some extensions of temporary measures beyond 2010 and calls for Member States to withdraw these measures as soon as possible.

A credible long-term structural reform agenda is an integral part of any comprehensive exit strategy. The Council further STRESSES that exit strategies in the area of product and labour markets should be accompanied by the phasing in of medium and long term reforms that bolster potential growth and employment, improve competitiveness and support fiscal consolidation efforts. These reforms will be further discussed as part of the Europe-2020 strategy.

The Council AGREES on the following principles for the withdrawal of temporary measures in product and labour markets, while emphasising that country-specific conditions, including the economic situation and different fiscal constraints, should be taken into account. They should also be seen as  complementary to and consistent with earlier agreements on fiscal and financial sector exit strategies and the end of the temporary state aid framework in December 2010.

Regarding temporary crisis-related sectoral support measures:

– these should be phased out as quickly as possible given their relatively large budgetary costs and the risks that the continuation of supply side measures may hamper efficient resource allocation and hence distort competition and the functioning of the internal market;

– in view of recent Commission economic forecasts, no new short-term schemes should be introduced nor existing ones extended;

– where they have longer term objectives and are considered for extension, e.g., restructuring, greening or research and innovation, they should continue to be scrutinised under the relevant State Aid rules.

Regarding measures to ease financing constraints:

– withdrawal of temporary schemes to ease financing constraints should depend on the capacity of financial institutions to supply adequate credit to the credit-worthy corporate sector and should be consistent with agreed principles for exit from support schemes in the financial sector and the end of the temporary state aid framework;

– continued careful monitoring is required to prevent the recovery from being hampered by undue credit supply constraints;

– SMEs may continue to be more limited in their access to finance than larger firms even as the recovery takes hold, which should be taken into account when deciding on the withdrawal of measures to address financing constraints given the central role that SMEs play in the restructuring of the economy.

Regarding temporary labour market support measures:

– these should be gradually withdrawn when the recovery is secured. On the basis of the most recent Commission forecasts on growth this could begin with a benchmark of mid-2010 for the EU as a whole, taking into account the historic lag before employment reacts positively to an upturn in economic activity;

– the precise timing of withdrawal should depend on the country-specific situation;

– the gradual phasing out of temporary labour market support measures should be accompanied where necessary by a strengthening of activation, training and other flexicurity policies to facilitate job reallocation and workers' reskilling.

*Reduced working time schemes*

– the too late withdrawal of measures may carry substantial costs in terms of locking in labour to declining activities, thereby preventing the necessary reallocation of resources, damaging future growth prospects, distorting competition and interfering with the functioning of the internal market.

*Temporary increases in the generosity and coverage of unemployment benefits*

– temporary measures that increase the generosity and coverage of unemployment benefits and other income support should be phased out in a way fully consistent with the objective of facilitating sectoral reallocation of labour and employment creation, and taking into account the relative level of coverage and benefits in the social insurance system.

On the sequencing of exit strategies, the withdrawal of sectoral support schemes should be prioritised, followed by the withdrawal of labour market support measures when the recovery is secured, and the withdrawal of measures to ease financing constraints based on economic evidence and consistent with other agreed principles for exit strategies as noted above.

There is also a need to ensure that any permanent measures adopted during the crisis are supportive of long term growth and employment and consistent with fiscal consolidation strategies.

The Council therefore invites the Commission to conduct an assessment of the main structural reform challenges and existing bottlenecks facing Member States and report back in May in accordance with the timeline set out by the Europe 2020 strategy."

**Financing of policies to deal with climate change -** *Council conclusions*

The Council adopted the following conclusions, and agreed to submit them to the European Council, with a view to its spring meeting (25 and 26 March).

"1. The Council WELCOMES the fact that Parties accounting for (80%) of global emissions from energy use have associated themselves with the Copenhagen Accord and that a significant number of Parties have entered their mitigation commitments and actions to the Appendix; UNDERLINES that this Accord agrees on providing a scaling up of funding to developing countries to enable and support enhanced action on adaptation, mitigation – including REDD-plus – technology and capacity building, inter alia for the establishment of transparent and efficient systems for measurement, reporting and verification, the development of low emission development strategies and nationally appropriate mitigation actions and readiness to use market mechanisms. The implications of the Copenhagen Accord for the EU´s position on climate financing will need to be studied further.

2. RECALLS that developed countries have committed themselves to providing resources approaching USD 30 billion in the period 2010-2012, with a balanced allocation between adaptation and mitigation including REDD-plus and investments through international institutions, and with a special emphasis on the most vulnerable and least developed countries; STRESSES the need to urgently mobilise and deploy this fast-start funding to both address the need for immediate adaptation and mitigation action and lay the foundations for effective and efficient action in the medium and longer term and avoid delay of ambitious action.

3. REAFFIRMS the EU and its Member States' commitment to contribute EUR 2.4 billion annually over the period 2010-2012 and CALLS on other parties to announce their fast start contributions. UNDERLINES that the EU and its Member States are ready to present a preliminary state of play on these commitments at the UNFCCC session in Bonn (31 May – 11 June 2010) and submit EU-coordinated reports on the implementation of this commitment at the Cancún Climate Conference and thereafter on an annual basis and ENCOURAGES other contributors to do so as well.

4. Also RECALLS developed countries' commitment in the context of meaningful mitigation actions of developing countries and transparency on implementation, to a goal of mobilising jointly USD 100 billion a year by 2020, coming from a wide variety of both public and private sources, to assist developing countries in fighting climate change; in this context, WELCOMES the establishment by the United Nations Secretary General of an Advisory Group on Climate Change Financing to develop practical proposals on how to significantly scale up long-term financing for mitigation and adaptation strategies in developing countries from various public as well as private sources including alternative sources of finance towards meeting this goal, and to provide a consolidated overview of international sources for financing climate-related investment in developing countries which involve all relevant actors.

   EXPRESSES interest in a report on its work as soon as possible with a view to integrating its findings in the design of the future financial architecture for climate change; in this context, UNDERLINES that the potential of innovative sources of finance and of market-based instruments in particular, including carbon markets, as well as leverage of private finance through public finance should be taken into account; in this context, the EU is READY to support its work by providing inputs on potential sources of revenue; STRESSES the need to assist developing countries in the most effective and efficient manner and to start a transparent process for establishing the basis for the Copenhagen Green Climate Fund, drawing on experiences and lessons learnt from existing funds and international financial institutions, in particular regarding the need to ensure the cost-effective deployment of increased financial flows.

5. The Council (ECOFIN) IS READY to contribute in detail on practical aspects of the financing arrangements and institutions required by the Copenhagen Accord including the abovementioned elements. The EFC , EPC and the Friends of the Presidency working group are invited to work further on these issues in cooperation with the other relevant EU actors and entities."

## EU GENERAL BUDGET

**Council priorities for the 2011 budget -** *Council conclusions*

The Council adopted the conclusions to be found in document *6794/10*.

**VALUE-ADDED TAX – INVOICING**

The Council agreed on a general approach, pending the opinion of the European Parliament, on a draft directive aimed at simplifying VAT invoicing requirements, in particular as regards electronic invoicing (doc. *7132/2/10 REV 2).*

The directive will be adopted by the Council once the Parliament has given its opinion.

Current EU provisions on VAT invoicing have led to a less-than-harmonised set of rules, on account of the many options that remain available to the member states. The aims of current provisions have therefore not been fully met.

Furthermore, compliance with regulatory requirements has hindered the take-up of technologies that are necessary for the development of e-invoicing. The Commission estimates potential annual cost savings for businesses at up to EUR 18 billion if obstacles to e-invoicing in VAT rules were to be removed.

The draft directive sets out to ensure the acceptance by tax authorities of e-invoices under the same conditions as for paper invoices, and to remove legal obstacles to the transmission and storage of e-invoices.

It also comprises measures to help tax authorities ensure that tax is paid so as to better tackle VAT fraud. These include establishing deadlines for the issuance of invoices, thus enabling speedier exchange of information on intra-EU supplies of goods and services.

## MEETINGS IN THE MARGINS OF THE COUNCIL

The following meetings were held in the margins of the Council:

- ***Meeting with the European Parliament***

The Council troika (current and two following presidencies) met a delegation from the European Parliament on 15 March to discuss reform of the EU's supervisory framework for financial services and preparation of a new EU strategy for growth and jobs.

- ***Euro Group***

Ministers of the euro area member states attended a meeting of the Euro Group on 15 March.

- ***Ministerial breakfast meeting***

Ministers held a breakfast meeting to discuss the economic situation. They also held an exchange of views with Sir David Tweedie, chairman of the International Accounting Standards Board (IASB), and Gerrit Zalm, chairman of the board of trustees, the oversight body of the IASB.

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Over lunch, ministers held an exchange of views with Herman Van Rompuy, president of the European Council, on the new EU strategy for growth and jobs.

## OTHER ITEMS APPROVED

### *ECONOMIC AND FINANCIAL AFFAIRS*

#### Greenhouse gas emission allowances - Reversal of liability for VAT payments

The Council adopted a directive allowing member states to implement, on an optional and temporary basis, a reversal of liability for the payment of VAT (value-added tax) on greenhouse gas emission allowance trading (*doc.*5984/6/10 REV 6 + 6606/10 ADD 1).

For more details, see press release 6945/10.

#### Mutual assistance for the recovery of taxes

The Council adopted a directive aimed at clamping down on tax evasion by strengthening mutual assistance between member states in the recovery of taxes (*doc.*5567/4/10 + 7081/10 + 7081/10 ADD 1 + 7081/10 ADD 1 COR 1).

For more details, see press release 7403/10.

#### Financial intermediation services for the establishment of gross national income

The Council adopted a decision on the allocation of financial intermediation services indirectly measured for the establishment of gross national income used for the purposes of the EU's budget and its own resources (*doc.* 5946/10).

### *FOREIGN AFFAIRS*

#### EU Special Representative - Former Yugoslav Republic of Macedonia - Extension of mandate

The Council adopted a decision extending the mandate of the EU Special Representative for the former Yugoslav Republic of Macedonia, Mr Erwan Fouéré, from 31 March until 31 August 2010, or until the entry into force of the decision establishing the European External Action Service, whichever comes sooner *(doc.* 6901/10*).*