OUTCOME OF THE COUNCIL MEETING

3691st Council meeting
Economic and Financial Affairs
Brussels, 17 May 2019

President Eugen Teodorovici
Minister for finance of Romania
ITEMS DEBATED

EXCISE DUTIES .............................................................................................................. 4
DIGITAL SERVICES TAX ................................................................................................. 4
INTERNATIONAL MEETINGS ......................................................................................... 6
G20 and spring IMF and World Bank meetings ............................................................... 6
Coalition of finance ministers for climate action .......................................................... 6
EUROPEAN SEMESTER ................................................................................................. 7
OTHER BUSINESS .......................................................................................................... 8

Financial services ......................................................................................................... 8
Priorities of the next institutional cycle in the area of economic and financial affairs .... 8

MEETINGS IN THE MARGINS OF THE COUNCIL ......................................................... 9

Eurogroup ..................................................................................................................... 9
Economic and financial dialogue with the Western Balkans and Turkey ......................... 9
Ministerial breakfast .................................................................................................... 9
Ministerial lunch .......................................................................................................... 9

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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.
OTHER ITEMS APPROVED

ECONOMIC AND FINANCIAL AFFAIRS

– EU list of non-cooperative tax jurisdictions ................................................................. 10
– Reduced rates of taxation on gas oil ........................................................................ 10

FOREIGN AFFAIRS

– Council decision on the Overseas Association, including Greenland ......................... 10
– Sanctions to deter and respond to cyber-attacks ........................................................ 11
– Sanctions against Syria ............................................................................................. 12

TRADE

– EU-Republic of Korea free trade agreement: rules of procedure of working group on geographical indications (GIs) .................................................................................. 13

AGRICULTURE AND FISHERIES

– International Agreement on Olive Oil and Table Olives ........................................... 13
– International Grains Council: extension of the Convention ..................................... 14
– Fisheries partnership agreement between the EU and the Republic of Cape Verde .... 14

INTERNAL MARKET AND INDUSTRY

– Council decision on amending the TIR Convention ................................................. 15
– Adding digestate to list of substances exempt from the obligation to register ............ 15

TRANSPORT

– International Civil Aviation Organization (ICAO) – coordination ............................ 15
ITEMS DEBATED

EXCISE DUTIES

The Council discussed measures to improve the business environment for excise goods, in particular alcohol and alcoholic beverages, by ensuring fair competition and reducing administrative burden for companies.

The Council exchanged views on Presidency compromise texts for the following proposals:

- the directive on the structures of excise duty on alcohol and alcoholic beverages
- the directive on general arrangements for excise duty
- the regulation on administrative cooperation on the content of electronic registers

Despite the significant progress achieved in the negotiations, ministers did not reach a final agreement on the package of measures. The Council will continue to work at technical level with a view to reaching a compromise acceptable for all member states as soon as possible.

Excise duties are indirect taxes on the sale or use of specific products, such as alcohol, tobacco and energy. The revenue from these taxes goes entirely to the country to which they are paid. Since 1992, EU countries have had in place common rules to make sure that excise duties are applied in the same way and to the same products everywhere in the EU.

DIGITAL SERVICES TAX

Ministers discussed current international tax reforms, with a view to preparing upcoming OECD and G20 debates.

The presidency will feed the views expressed by ministers into the preparations for the G20 finance ministers’ meetings in June in Fukuoka, where the OECD is expected to report progress on reforming international corporate taxation. The Chair of the Economic and Financial Affairs Council (Ecofin) intends to present the outcome of its discussions at the G20 meeting.

Ministers assessed possibilities for preparing for the negotiations in the OECD on the ongoing international debate on long-term comprehensive solutions addressing both the challenges of taxation in the digitalised economy and broader issues related to the allocation of taxing rights and tax competition.
Businesses active in the digital sector are sometimes perceived not to pay their fair share of taxes in all countries where they are active, since their activities do not necessarily require a physical presence. Current tax rules, which were designed for traditional businesses, are therefore called into question by new business models and by the digitalisation of the economy.

At EU level, work has been ongoing since March 2018 on a common system for a digital services tax on revenues resulting from the provision of certain digital services. Following the ministerial debate in March 2019 and the lack of unanimous agreement on the proposal, the presidency confirmed that work would continue on a two-track approach:

– The Council and member states jointly continue to work towards an agreement on a global solution at OECD level by 2020 to address the tax challenges of the digitalisation of the economy.

– If by the end of 2020, it appears that the agreement at OECD level is likely to take more time, the Council could, as necessary, revert to discussing a possible EU approach to the tax-related challenges arising from digitalisation.

In addition, the proposal on significant digital presence is also still on the table of the Council for future follow-up.

Efforts are ongoing at international level to respond to such challenges. The OECD has taken up work on this issue in the framework of its “Task Force on digital economy” and published an interim report in March 2018 which provides an analysis of value creation across new and changing business models in the context of digitalisation and the tax challenges they present.

Since then, the task force has intensified its work on the basis of concrete proposals and public consultations have been conducted. The last meeting of the task force took place in December 2018. The OECD is expected to publish a detailed work programme ahead of the Fukuoka G20 meeting in June 2019. The task force aims to produce a final report by 2020.

Council webpage on digital taxation
INTERNATIONAL MEETINGS

G20 and spring IMF and World Bank meetings

The presidency and the Commission will report on international finance meetings held in Washington DC in April 2019, namely:

– a G20 finance ministers and central bank governors meeting on 11-12 April;
– the IMF’s and World Bank’s spring meetings, on 8-14 April.

The G20 meeting featured discussions on the risks to the economic outlook due to the global growth slowdown, global imbalances, and population ageing, on infrastructure investment and on international cooperation in the area of taxation and financial reforms.

Ministers will also start preparations for the G20 finance ministers’ meeting on 8-9 June in Fukuoka (Japan).

Coalition of finance ministers for climate action

The Finnish delegation and the Commission will inform delegations about the first meeting of the coalition of finance ministers for climate action on 13 April.

The “coalition of finance ministers for climate action” was launched in the context of the World Bank and IMF spring meetings by finance ministers from more than 20 countries. The coalition is aimed at driving stronger collective action on climate change and its impact. Finance ministers endorsed a set of 6 common principles, known as the “Helsinki principles”, that promote national climate action, especially through fiscal policy and the use of public finance.

More specifically, the Helsinki principles aim at:

– aligning policies and practices with the Paris agreement commitments;
– sharing experience and expertise in order to provide mutual encouragement and promote collective understanding of climate action policies and practices;
– working towards measures that result in effective carbon pricing;
– taking climate change into account in macroeconomic policy and fiscal planning;
– mobilising private sources of climate finance by facilitating investments and the development of a financial sector which supports climate mitigation and adaptation;
– engaging actively in the preparation and implementation of “nationally determined contributions” submitted under the Paris agreement.

The finance ministers of Finland and Chile were appointed co-chairs of the coalition of finance ministers for climate action.

**EUROPEAN SEMESTER**

The Council adopted conclusions on the outcomes of the in-depth reviews and the implementation of the 2018 country-specific recommendations.

On 27 February, the Commission published [28 country reports](#) on the progress made by member states in implementing reforms and in addressing the country-specific recommendations which the Council agreed last year.

For 13 member states identified in the [2019 Alert Mechanism Report](#), the country reports also include in-depth reviews carried out under the macroeconomic imbalance procedure. The countries concerned are: Bulgaria, Germany, Ireland, Greece, Spain, France, Croatia, Italy, Cyprus, the Netherlands, Portugal, Romania and Sweden. For the first time, this year, there is also a country report for Greece, following its exit from the macroeconomic adjustment programme.

The country reports showed that, since the introduction of the European Semester in 2011, all member states have made progress in implementing country-specific recommendations (CSRs), although the rate of progress varied. All member states have made at least ‘some progress’ with the implementation of more than two thirds of the CSRs addressed to them. Most progress has been achieved in financial services, reflecting the priority given to measures to stabilise the financial sector in the aftermath of the economic and financial crisis. Member states have also made progress with the implementation of the recommendations on reforms to promote job creation on permanent contracts and to address labour market segmentation.
The conclusions adopted by the Council draw upon the Commission’s findings. They welcome the high quality and comprehensive analysis that has been carried out. They also highlight the remaining vulnerabilities, in particular linked to persisting stock imbalances, which reduce the room for absorbing future negative economic shocks. However, the draft conclusions consider that in some cases further improvements in the communication of the reasons for changing or activating the imbalance categorisation would be welcome.

As regards implementation, the conclusions concur with the Commission’s assessment that there is room for improvement, in particular as regards fostering investment and productivity performance, as the more uncertain economic climate creates more urgency to complete reforms.

Council conclusions on in-depth reviews and implementation of the 2018 country-specific recommendations

OTHER BUSINESS

Financial services

The presidency updated ministers regarding work on legislative proposals in the field of financial services.

May 2019 note on financial services legislative proposals

Priorities of the next institutional cycle in the area of economic and financial affairs

The Presidency informed ministers about the follow-up to the discussions on priorities for the next institutional cycle, held at the January Ecofin and the April informal Ecofin meetings.
MEETINGS IN THE MARGINS OF THE COUNCIL

Eurogroup

Ministers of the eurozone member states attended a meeting of the Eurogroup on 11 March.

In regular format, the Eurogroup exchanged views on the economic situation of the euro area and discussed the main policy challenges on the basis of the European Commission forecast, published on 7 May.

In inclusive format, the Eurogroup continued to discuss the deepening of the Economic and Monetary Union. Ministers discussed the features of the budgetary instrument for convergence and competitiveness, with a focus on revenue aspects.

Eurogroup main results

Economic and financial dialogue with the Western Balkans and Turkey

The current and two future presidencies met with their counterparts from the Western Balkans and Turkey to discuss structural reforms to attract foreign direct investment and increase resilience.

Ministerial breakfast

Ministers held a breakfast meeting to discuss the economic situation in the EU, the outcome of the Eurogroup meeting, the proposals on excise duties and the issue of VAT carousel fraud.

Ministerial lunch

Over lunch, ministers discussed challenges linked to labour mobility. They reflected on possible solutions compatible with the freedom of movement from the ECOFIN perspective.

They also discussed the way forward for the Economic and Monetary Union. On the basis of a presidency note, they discussed in particular the way forward for the legislative work that has not yet been addressed.

Presidency paper on the way forward on the EMU architecture
OTHER ITEMS APPROVED

ECONOMIC AND FINANCIAL AFFAIRS

EU list of non-cooperative tax jurisdictions

The Council today decided to remove Aruba, Barbados and Bermuda from the EU list of non-cooperative tax jurisdictions.

The EU list is contributing to ongoing efforts to prevent tax avoidance and promote good governance principles, such as tax transparency, fair taxation and international standards against tax-base erosion and profit shifting.

For more information, see the press release.

Reduced rates of taxation on gas oil

The Council adopted an implementing decision authorising Italy to apply, in determined geographical areas, reduced rates of taxation on gas oil and liquid petroleum gas used for heating purposes (8822/19, 8253/19)

FOREIGN AFFAIRS

Council decision on the Overseas Association, including Greenland

The Council today adopted a decision (partial general approach) on the Overseas Association, including relations with Greenland and Denmark.

This decision establishes the rules and procedures for the association of the EU with the overseas countries and territories (OCTs), and replaces two previous decisions on the Overseas Association and Greenland. It stipulates the objectives of the agreement, as well as parameters and principles for cooperation in trade, security, culture, environment, energy, transport, financial assistance, sustainable development, education and technology, among other areas; and outlines OCT specificities.
On 14 June 2018, the Commission submitted to the Council a proposal for a decision on the Overseas Association, including relations with Greenland and Denmark.

Starting on 1 January 2021, EU assistance to OCTs will no longer be financed by the European Development Fund (EDF), but by the general budget.

The approach adopted today is labelled as “partial” as the financial and other horizontal aspects, including those with budgetary impact, will depend on the overall agreement on the next multiannual financial framework.

The decision will apply from 1 January 2021 to 31 December 2027.

Sanctions to deter and respond to cyber-attacks

The Council established a framework which allows the EU to impose targeted restrictive measures to deter and respond to cyber-attacks which constitute an external threat to the EU or its member states, including cyber-attacks against third states or international organisations where restricted measures are considered necessary to achieve the objectives of the Common Foreign and Security Policy (CFSP).

Cyber-attacks falling within the scope of this new sanctions regime are those which have a significant impact and which:

– originate or are carried out from outside the EU or
– use infrastructure outside the EU or
– are carried out by persons or entities established or operating outside the EU or
– are carried out with the support of persons or entities operating outside the EU.

Attempted cyber-attacks with a potentially significant effect are also covered by this sanctions regime.
More specifically, this framework allows the EU for the first time to impose sanctions on persons or entities that are responsible for cyber-attacks or attempted cyber-attacks, who provide financial, technical or material support for such attacks or who are involved in other ways. Sanctions may also be imposed on persons or entities associated with them.

Restrictive measures include a ban on persons travelling to the EU, and an asset freeze on persons and entities. In addition, EU persons and entities are forbidden from making funds available to those listed.

**Sanctions against Syria**

The Council extended EU restrictive measures against the Syrian regime until 1 June 2020. In line with the EU strategy on Syria, the EU decided to maintain its restrictive measures against the Syrian regime and its supporters as the repression of the civilian population continues.

The Council also removed five deceased persons from the list, as well as one entity which ceased to exist and one entity for which there were no longer grounds to keep restrictive measures against it. The list now includes 270 persons and 70 entities targeted by a travel ban and an asset freeze for being responsible for the violent repression against the civilian population in Syria, benefiting from or supporting the regime, and/or being associated with such persons or entities.

More broadly, sanctions currently in place against Syria include an oil embargo, restrictions on certain investments, a freeze of the assets of the Syrian central bank held in the EU, export restrictions on equipment and technology that might be used for internal repression as well as on equipment and technology for the monitoring or interception of internet or telephone communications.

The EU remains committed to finding a lasting and credible political solution to the conflict in Syria as defined in UN Security Council resolution 2254 and in the 2012 Geneva Communiqué.
TRADE

EU-Republic of Korea free trade agreement: rules of procedure of working group on geographical indications (GIs)

The Council adopted a decision on the position to be taken by the EU, within the working group on geographical indications (GIs) established by the free trade agreement between the EU and its member states, of the one part, and the Republic of Korea, of the other part, as regards the adoption of its rules of procedure 8568/19.

The Council also decided to order the publication in the Official Journal of the EU of the decision once adopted, and noted that the European Parliament would be informed in accordance with Article 218(10) TFEU.

The free trade agreement between the EU and its member states, of the one part, and the Republic of Korea, of the other part, was concluded by the Union by Council Decision (EU) 2015/21692. The agreement entered into force on 13 December 2015.

AGRICULTURE AND FISHERIES

International Agreement on Olive Oil and Table Olives

The Council adopted a decision on the conclusion of the International Agreement on Olive Oil and Table Olives, 2015 (6781/19 + COR 1).

The text of the International Agreement on Olive Oil and Table Olives, 2015 was adopted on 9 October 2015 by the representatives of 24 member states of the United Nations Conference on Trade and Development (UNCTAD) and two intergovernmental organisations during the United Nations conference for the negotiation of a successor agreement to the International Agreement on Olive Oil and Table Olives, 2005.
International Grains Council: extension of the Convention

The Council adopted a Council decision on the position to be taken on behalf of the European Union in the International Grains Council with respect to the extension of the 1995 Grains Trade Convention (8670/19).

The Grains Trade Convention entered into force on 1 July 1995 and was concluded by the EU for a period of three years.

Since its conclusion, the Convention has regularly been extended for further periods of two years. The Convention was last extended by decision of the International Grains Council on 5 June 2017 and remains in force until 30 June 2019.

In line with the decision of the International Grains Council to extend the Convention for a further period of up to two years from 1 July 2019, the Council decided that the position to be taken on the Union’s behalf in the 49th session of the International Grains Council is to vote in favour of the extension.

Fisheries partnership agreement between the EU and the Republic of Cape Verde

The Council:

– adopted the decision on the signing of the protocol on the implementation of the fisheries partnership agreement with the Republic of Cape Verde (2019-2024), and agreed to submit it to the Official Journal for publication (8655/1/19 REV 1),

– agreed in principle on the decision on the conclusion of the protocol, and decided to send it, together with the text of the protocol, to the European Parliament for its consent (8662/19 and 8668/19), and

– adopted the regulation on the allocation of fishing opportunities under the protocol and agreed to submit it to the Official Journal for publication (8685/19).
**INTERNAL MARKET AND INDUSTRY**

**Council decision on amending the TIR Convention**

The Council agreed on the position to be taken on behalf of the European Union at the June 2019 session of the Administrative Committee for the TIR Convention as regards proposals to amend Articles 6 and 18, as well Annex 9, of the customs convention on the international transport of goods under cover of TIR carnets (TIR Convention). (8459/19)

**Adding digestate to list of substances exempt from the obligation to register**


The regulation adds digestate that is either not waste or that has ceased to be waste to the list of substances that are exempt from the obligation to register.

The Commission regulation is subject to the regulatory procedure with scrutiny. This means that now that the Council has given its consent, the Commission may adopt the regulation, unless the European Parliament objects.

(7396/19 + ADD 1)

**TRANSPORT**

**International Civil Aviation Organization (ICAO) – coordination**

The Council approved an information note containing recommended EU positions for the ICAO Council meeting of 21 May to 21 June 2019, so that the information note can be used as the basis for the interventions of the representatives of the EU countries which are members of the ICAO Council.

The note relates to the areas of strategic objectives, aviation safety and air navigation, aviation security and facilitation, economic development, and environmental protection.