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**PROVISIONAL VERSION**

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## **OUTCOME OF THE COUNCIL MEETING**

3597th Council meeting

### **Economic and Financial Affairs**

Brussels, 20 February 2018

President           **Vladislav Goranov**  
Minister for finance of Bulgaria

# **P R E S S**

**CONTENTS<sup>1</sup>**

**ITEMS DEBATED**

SUSTAINABLE FINANCE .....	4
EU BUDGET .....	5
– Discharge for 2016 .....	5
– Guidelines for 2019 .....	5
EUROPEAN CENTRAL BANK - NOMINATION OF THE VICE-PRESIDENT .....	7
OTHER BUSINESS .....	8
– Financial services .....	8
– Public procurement.....	8
MEETINGS IN THE MARGINS OF THE COUNCIL .....	9
– Macroeconomic dialogue with the social partners .....	9
– Eurogroup.....	9
– European Stability Mechanism.....	9
– Ministerial breakfast.....	9

**OTHER ITEMS APPROVED**

*ECONOMIC AND FINANCIAL AFFAIRS*

– VAT - Malta - Services .....	10
– Insurance distribution .....	10

*DEVELOPMENT POLICY*

– European Development Fund: discharge.....	10
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<sup>1</sup>

- 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.

***FOREIGN AFFAIRS***

– EU - Moldova association agreement ..... 11

– EU Military Committee ..... 11

**ITEMS DEBATED**

**SUSTAINABLE FINANCE**

The chairperson of a group of experts presented recommendations for making the financial system more supportive of sustainable investments.

The Council held an exchange of views, on the basis of a note from the presidency.

The EU's sustainable finance strategy will contribute to implementing an agreement concluded at the UN's climate change conference in Paris in 2015. It also forms part of the EU's plan to develop a capital markets union by the end of 2019.

Summarising the discussion, the presidency noted strong support for a developing a sustainable finance policy at EU level. The policy should be established within a clear legal framework, to be developed in close cooperation with member states and providing a sufficient degree of flexibility.

The presidency noted strong support for prioritising the environmental aspects, whilst financial stability should not be compromised by the new framework.

The Council asked the Commission to take account of ministers' views in preparing an action plan, to be published on 7 March 2018. The Commission will also present legislative proposals. The Council agreed to adopt conclusions later in the spring of 2018.

The group of experts published its report on 31 January 2018. The group was composed of 20 experts from civil society, the finance sector and academia, as well as observers from European and international institutions.

[February 2018 presidency issues note on sustainable finance](#)

[January 2018 high-level expert group report on sustainable finance](#)

[UN 2015 Paris climate change agreement](#)

[Council webpage on capital markets union](#)

## **EU BUDGET**

### ***– Discharge for 2016***

The Council recommended that the European Parliament grant a discharge to the Commission for the management of the EU's budget for 2016.

The recommendation was prepared in the light of an annual report from the Court of Auditors.

The Council also adopted recommendations on the discharge to be given to 32 EU 'decentralised' agencies, 6 executive agencies and 8 joint undertakings for the implementation of their 2016 budgets.

These recommendations refer to a series of Court of Auditors annual special reports.

[Council recommendation on the 2016 budget discharge](#)

[Court of Auditors report on management of the EU's general budget for 2016](#)

[Council recommendation on 2016 discharge to the decentralised agencies](#)

[Council recommendation on 2016 discharge to the executive agencies](#)

[Council recommendation on 2016 discharge to the joint undertakings](#)

### ***– Guidelines for 2019***

The Council adopted conclusions establishing [budget guidelines for 2019](#).

The guidelines are intended as input for the Commission when it prepares the draft EU budget for 2019. The draft budget will constitute the basis for negotiations between the European Parliament and the Council.

The conclusions call for prudent budgeting, with adequate resources to support priorities whilst leaving sufficient margins to deal with unforeseen circumstances. Budgetary discipline must be maintained at all levels, and the EU's multiannual financial framework (as recently reviewed) must be adhered to.

They recall the need for solidarity, whilst transparent and effective use of the budget will bolster the EU's credibility with its citizens.

The EU budget should seek to:

- boost growth, promote employment and create new jobs;
- enhance effective cohesion and agriculture in the EU;
- foster competitiveness;
- address the internal and external dimension of migration, security challenges and the protection of the EU's external borders.

The focus should be on programmes and actions with EU added value.

The conclusions call for commitment and payment levels to be kept under strict control and based on actual needs. Payment levels should be based on accurate forecasts. They call on the Commission to monitor implementation of 2014-20 programmes in order to ensure an orderly progression of payment appropriations.

They urge all EU institutions to reduce or freeze their administrative expenditure as much as possible, and to request financing only for justified needs. Staff levels need to be continuously monitored.

In December 2017, the Court of Auditors published a 'rapid case review' assessing how EU institutions, bodies and agencies have implemented a commitment to reduce staff posts by 5% during the 2013-17 period. The conclusions acknowledge that the particular approach chosen has not led to the desired reduction in administrative expenditure. The Court of Auditors is asked to provide a qualitative assessment of how the 5% staff cut has been implemented.

[Press release on the Court of Auditors' rapid case review on the 5% staff cut](#)

**EUROPEAN CENTRAL BANK - NOMINATION OF THE VICE-PRESIDENT**

The Council issued a recommendation confirming the nomination of Luis de Guindos (Spain) as vice-president of the European Central Bank.

This follows Mr de Guindos's endorsement by the Eurogroup on 19 February 2018 (see page 9).

The recommendation will be submitted to the European Council for a decision on 22-23 March 2018. In the meantime, the European Parliament and the ECB's governing council will be consulted.

The new vice-president will succeed Vitor Constâncio (Portugal), whose term of office expires on 31 May 2018. He/she will serve a non-renewable 8-year term.

**OTHER BUSINESS**

– *Financial services*

The Council was updated regarding work on legislative proposals in the field of financial services.

[February 2018 note on financial services legislative proposals](#)

– *Public procurement*

The Commission presented a communication on strengthening innovation and public investment through efficient and professional public procurement processes.

[October 2017 Commission communication on public procurement](#)

**MEETINGS IN THE MARGINS OF THE COUNCIL**

– ***Macroeconomic dialogue with the social partners***

On 19 February 2018, the current and two future presidencies and representatives of the EU institutions met the social partners: employers, trade unions, public enterprises and SMEs at European level.

The discussion focused on macroeconomic conditions and how to make the economy more resilient.

– ***Eurogroup***

Ministers of the euro area member states attended a meeting of the Eurogroup on 19 February 2018. They discussed Greece's macroeconomic adjustment programme, post-programme surveillance in Ireland, the reform of the European Stability Mechanism and the appointment of a new vice-president of the ECB.

The Eurogroup also held a meeting in extended format, to prepare for the Euro Summit on 22-23 March 2018. This meeting was devoted to the further development of the EU's banking union.

[Eurogroup main results](#)

– ***European Stability Mechanism***

The European Stability Mechanism held a board of governors meeting on 19 February 2018.

– ***Ministerial breakfast***

Ministers held a breakfast meeting to discuss the economic situation. They also discussed developments regarding a United States tax reform.

**OTHER ITEMS APPROVED**

**ECONOMIC AND FINANCIAL AFFAIRS**

**VAT - Malta - Services**

The Council adopted a decision allowing Malta to exempt from VAT taxable persons whose economic activity consists principally of services with a high added value and whose annual turnover is no higher than €20 000 ([5881/18](#) + [5610/18](#)).

The decision applies until 31 December 2020 or until the entry into force of amendments to articles 281 to 294 of directive 2006/112/EC, whichever is earlier.

**Insurance distribution**

The Council decided not to object to a Commission regulation amending regulations 2017/2358 and 2017/2359 on insurance distribution as regards their dates of application ([5874/18](#) + [15963/17](#)).

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

**DEVELOPMENT POLICY**

**European Development Fund: discharge**

The Council recommended that the European Parliament grant the Commission a discharge for the implementation of the 8th, 9th, 10th and 11th European Development Fund (EDF) for 2016.

The EDF is the EU's main instrument for providing development aid to African, Caribbean and Pacific countries and to 'overseas countries and territories'. It finances cooperation activities in the fields of economic development, social and human development, as well as regional cooperation and integration.

**FOREIGN AFFAIRS**

**EU - Moldova association agreement**

The Council approved the position to be taken by the EU within the EU-Republic of Moldova association committee meeting in trade configuration as concerns updated rules applicable to financial and telecommunication services and international maritime transport.

The EU-Republic of Moldova association agreement was signed in June 2014 and has been in full effect since July 2016. Within this framework, Moldova benefits from a preferential trade system that allows for reduced or zero tariffs for its goods, an enlarged services market and better investment conditions.

[EU Delegation to Republic of Moldova](#)

**EU Military Committee**

The Council adopted a decision appointing General Claudio Graziano as chairman of the EU Military Committee for a period of three and a half years, starting on 6 November 2018.

General Graziano, currently Italy's chief of defence, will replace General Mikhail Kostarakos.

The Military Committee, the highest military body within the Council, is composed of the member states' chiefs of defence, who are regularly represented by their permanent military representatives. It directs all military activities within the EU framework, in particular the planning and execution of military missions and operations under the Common Security and Defence Policy and the development of military capabilities. It gives military advice to the Political and Security Committee and makes recommendations on military matters.

[European Union Military Committee \(EUMC\)](#)