



**COUNCIL OF  
THE EUROPEAN UNION**

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**NOTE**

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Delegations will find attached the ECOFIN Council Work Programme of the Presidency of Finland (Annex I) as well as the provisional Council agendas (Annex II).

Annex

## ECOFIN COUNCIL WORK PROGRAMME

This work programme updates the joint Austrian and Finnish Presidency programme by taking into account the results of the European Councils and ECOFIN Councils held so far this year.

The core objectives for the joint Austrian and Finnish ECOFIN Work Programme are to promote the preconditions for economic growth and employment in Europe and strengthen Europe's role in the global economy.

The key means for achieving these objectives include ensuring a stability-oriented fiscal policy and speeding up economic and structural reforms.

This requires strict adherence to the reformed Stability and Growth Pact and implementation of the revised Lisbon Strategy.

The objectives drawn up six months ago remain topical. The Spring European Council added new momentum to the implementation of the Lisbon Strategy. Experience of the revised Stability and Growth Pact is also mainly positive. The revised pact takes better into account countries' individual needs, and steps are being taken in the right direction to stabilise public finances.

The Finnish Presidency will work in good cooperation with the Council, the Commission and the European Parliament to attain the objectives.

During the Finnish Presidency, the ECOFIN Council's agenda covers up to 50 issues to be taken forward. As the focal points of its work programme, Finland wants to raise the following issues:

### *Strengthening the coordination framework for economic policy*

During the Finnish Presidency, economic policy coordination will be further strengthened on the basis of the revisions made a year ago to the Stability and Growth Pact and the Lisbon Strategy. The Broad Economic Policy Guidelines (BEPGs) is the key instrument for policy coordination at the EU level and forms the basis for the economic strategy of the Union and the eurozone by combining macroeconomic and structural policy recommendations. Together with the employment guidelines, they form the integrated Guidelines Package which is a key tool in the implementation of the Lisbon Strategy. During the Finnish Presidency, the Member States will update their National Reform Programmes and report for the first time on their implementation. The implementation of reforms for improving growth and employment is followed up by the Council and the Commission in the context of multilateral surveillance. A report on progress in selected key areas will be submitted to the December European Council. These horizontal themes include the economic aspects of EU energy policy, the policies to foster innovation and R&D, labour market reforms particularly from the point of view of tax and benefit systems, and reducing administrative burden with a view to improving the business environment. Next Spring the objective is to move to a more detailed, country-specific assessment aimed at updating the Broad Economic Policy Guidelines in connection with the Spring European Council.

The objective in the implementation of the *Stability and Growth Pact* is to support a clear interpretation of the new elements that were included in the pact in 2005. It was then decided that each Member State defines its own medium-term objective for public finances. The implementation of the reform of the Pact will be assessed on the basis of the Commission's communication "Public finances in EMU 2006 – the first year of the revised Stability and Growth Pact". The aim is also to intensify the discussion on public finances and examine these issues further in the context of the assessment of the stability and convergence programmes. The Commission's reports on the sustainability of public finances and on implicit liabilities are expected to clarify the framework for economic policy coordination in which the assessment of long-term sustainability plays a key role. The issues related to the quality of public finances are also central. It will be necessary to examine how the Member States could, within the stability and convergence programmes, take into account the conditions for economic growth when preparing the national budgets and strengthen the long-term goals of their fiscal policy. The Council will discuss the matter in the Autumn.

### ***Stability of financial markets***

During its Presidency, Finland will pay attention to the stability of financial markets. The development of crisis management on financial markets has been on the ECOFIN Council's agenda since 1999, when Finland last held the Presidency. Since then, the work has been continued within the Economic and Financial Committee, the Financial Services Committee and the High Level Working Group on develop crisis management. During its Presidency, Finland aims to further improve the *financial markets crisis management organisation* and the necessary capacity in view of the increasing integration of the financial markets. Important issues also include the division of responsibilities between the supervisory authorities in home and host member states, developing deposit guarantee schemes, the division of costs caused by market disorders in the Single market and identifying the institutional framework for supervising the Single market. Finland's aim is that a common vision to direct future work could be achieved in this matter.

### ***Integration of financial markets***

During its Presidency, Finland aims vigorously to promote the preparation of financial markets legislation. A *payment services directive* will be a key project, and the aim is to achieve agreement in Council in the Autumn on this important proposal on how best to achieve efficient payment systems based on best practices. Another key legislative project will be the amendment of *supervisory assessment of transactions in shareholdings* with regard to banking, securities and insurance, where again Finland's aim is to reach a Council common position.

The discussion on *clearing and settlement in securities trading* will be continued during the Finnish Presidency. Key issues will be how the competition between clearing and settlement systems can be increased and operating prerequisites strengthened.

### ***Alcohol taxation***

The minimum excise duty rates on alcohol were adopted in the EU in 1992, when the Single Market was established. Since then, the minimum rates have not been changed. Since the EU's inflation over that period has been over 25 per cent, the minimum excise duty rates have decreased in real terms.

In the EU, national tax rates on alcohol differ substantially from one country to another, which has caused distortion in the functioning of the Single Market. It is necessary to harmonise the tax rates to even out the price levels of alcohol. The aim of the Finnish Presidency is to raise the EU minimum excise duty rates on alcohol particularly with regard to spirits.

### ***Value Added Tax***

Over the last two years, the ECOFIN Council has discussed a package of proposals regarding the modernisation and simplification of the value added tax system. The aim of this VAT-package is to improve the functioning of the single market, by reforming the provisions on the place of taxation for services and by simplifying value added tax obligations for traders. The aim of the proposal on the place of taxation for services is to change the place of taxation so that tax would as often as possible be levied in the country of consumption. The aim of the proposals to simplify value added tax obligations is to reduce the compliance costs of taxable persons engaged in cross-border business with the value added tax provisions. The core of the simplification proposal is the single point of contact system. The proposal also includes a revision of the refund procedure in accordance with the eighth directive.

The European Council of 23-24 March 2006 advised further progress on simplification and modernisation of the value added tax. The ECOFIN Council of 7 June 2006 set an objective of achieving a VAT package during the Finnish Presidency. On this basis, Finland will continue discussing the topic with the aim of achieving political agreement by the end of the year.

### ***Enlargement of the euro area***

In July, the ECOFIN Council will adopt the necessary legal instruments enabling Slovenia to adopt the euro from 1 January 2007. This is going to start a new stage on the enlargement of the eurozone. In accordance with the Treaty, the eligibility of Member States with a derogation must be assessed at least once every two year. In November the fulfilment of the criteria will be evaluated when the Commission and the ECB draw up regular convergence reports. The reports will be discussed by the Council in due course, and the question of to what extent the Member States with a derogation fulfil the criteria for a high degree of sustainable convergence and the prerequisites for adopting the single currency will be addressed.

### ***Renewal of the European Investment Bank's external lending mandate***

The Council is expected to decide by the end of 2006 on new EIB external lending mandates covering the period 2007-2013. The decision will define the loan guarantees assigned to different geographical regions outside the EU. New general external lending mandates may cover new regions, taking into account enlargement and the EU's revised neighbourhood policy. Finland's aim is that the new lending mandates support the EU's neighbourhood and partnership policies in a reasonable balanced way.

Page 6, the first sentence under "Renewal of the European Investment Bank's external lending mandate"

### **Horizontal issues**

During the Finnish Presidency, issues which are horizontal in nature, in other words issues which concern other Council formations as well, will come up in the ECOFIN Council. In this context, the following issues will be brought up:

### ***Concluding the Agenda 2007 negotiations***

In April 2006, the Council, the European Parliament and the Commission reached an agreement on the size and the heading-specific division of the financial frameworks for 2007-13. This inter institutional agreement was signed on 18 May 2006. It makes it possible to bring various policy programmes to a conclusion during the Finnish Presidency.

Concluding negotiations on policy programmes before the new Programming Period starts in 2007 is very important to avoid unnecessary delays.

The 2007 Budget is the first one in the 2007-13 financial framework. The aim is to concentrate on the full implementation of the effects of the new frameworks. Particular attention will be given to making the financial administration more effective and developing administrative methods. As far as the budget process goes, Finland will be holding the Presidency for the whole of 2006.

The aim is that the Council's decision on the system of the European Communities' own resources will be finalised during the Finnish Presidency. ***Regulatory reform***

Better regulation is part of the EU's horizontal decision making. The aim is to include previously agreed commitments in the practical work of the Council. Improving the quality of legislation will require commitment and cooperation from all institutions concerned. Better regulation, and mainly its administrative burden reform will be discussed at the October ECOFIN Council as a follow up to the October 2005 ECOFIN conclusions. The Commission will be expected to report on the assessment of administrative costs to enterprises which, since the beginning of the year, have been an integral part of the impact assessment of new EU legislation. During the Finnish Presidency, it will also be necessary closely to monitor the impact of the new comitology decision and to enhance the better regulation principles in conjunction with the Lamfalussy process.

### ***Global competition, innovation and productivity***

In the pressure of global competition, the economic success of the European Union is increasingly dependent on the ability to adapt and change. A sound basis for innovation has been established by increasing investment in research and product development. Innovation is of key importance to increasing economic growth, productivity and competitiveness. From the point of view of the ECOFIN Council, innovation policy is vital both for more efficient R&D financing and for promoting the growth potential of the economy. Overregulation in the Single Market and legislative and structural obstacles continue to be problems for Europe. State aids have also mainly maintained old structures. In addition, Europe's problem is that the financial markets do not adequately support growth oriented entrepreneurship and risk-taking. The informal ECOFIN in September will focus on innovations, on how they are put to use, and their effects on productivity. Particular attention will be given to eliminating obstacles to risk-taking and growth oriented entrepreneurship. These are key issues when the foundations are being laid for future competitiveness and increasing growth potential.

## *Energy*

In the future, the development of the energy market will become more significant for macroeconomic stability and sustainable growth. In this perspective, the ECOFIN Council will present its own contribution to the debate on how energy efficiency could be improved and the security of the energy supply promoted for as competitive a price as possible, while also taking into consideration the objective of sustainable development.

**PROVISIONAL AGENDA  
ECONOMIC AND FINANCIAL AFFAIRS COUNCIL  
BRUSSELS – 11 JULY 2006**

**Presidency Work Programme**

= *Presentation*

**Debriefing of the Eurogroup (*restricted session*)**

(poss.) **Implementation of the Stability and Growth Pact (*restricted session*)**

**Adoption of the euro**

= *Council decisions*

**Public Finances in EMU 2006 – The first year of the revised SGP**

= *Exchange of views/ Council conclusions*

**EIB external lending mandates**

= *Presentation/ Orientation debate*

**Dialogues with third countries; economic and financial aspects**

- **EU-USA Summit:** *Follow-up*

- (poss.) **Dialogues with third countries;** economic, financial and regulatory aspects:  
*information by Commission/ Exchange of views*

**Funding of the International Accounting Standards Board**

= *Council conclusions*

**p.m. Eurogroup 10 July 2006**

**PROVISIONAL AGENDA**  
**ECONOMIC AND FINANCIAL AFFAIRS COUNCIL (BUDGET)**  
**BRUSSELS – 14 JULY 2006**

**Preparation of the conciliation meeting with the European Parliament**

**Establishment by the Council of the Draft of the Budget of the European Union for 2007**

**AOB**

**PROVISIONAL AGENDA**  
**ECONOMIC AND FINANCIAL AFFAIRS COUNCIL**  
**LUXEMBOURG – 10 OCTOBER 2006**

**Debriefing of the Eurogroup** (*restricted session*)

(poss.) **Implementation of the Stability and Growth Pact** (*restricted session*)

**Better Regulation: Administrative burden**

= *Exchange of views/ Council conclusions*

**The Quality of Public Finances**

= *Exchange of views /Council conclusions*

**EIB external lending mandates**

= *Conclusion on amounts and regional allocation*

**Financial services:**

**Clearing and settlement**

= *Exchange of views*

**Single Euro Payments Area – Next steps**

= *Exchange of views*

(poss.) **Own Resources**

= *Decision*

**p.m. Eurogroup 9 October 2006**

**PROVISIONAL AGENDA**  
**ECONOMIC AND FINANCIAL AFFAIRS COUNCIL**  
**BRUSSELS – 7 NOVEMBER 2006**

**Debriefing of the Eurogroup** (*restricted session*)

(poss.) **Implementation of the Stability and Growth Pact** (*restricted session*)

**Sustainability of public finances: Sustainability Report**

= *Exchange of views*

**Statistics**

- **2006 Status Report**

= *Council conclusions*

- **Review of Priorities in Statistics**

= *Council conclusions*

**EIB**

- **EIB external lending mandates**

= *General approach on Council decision*

- **Facility for Euro-Mediterranean Investment and Partnership**

= *Council conclusions*

**Taxation**

- **VAT Package**

= *Political agreement*

- **Combating Tax Fraud**

= *Council Conclusions*

- **Excise Duties: Minimum rates on alcoholic beverages**

= *General approach*

(poss.) **Fight against fraud**  
- **OLAF Regulations**

- **The 2005 report from the Commission on the protection of the European Communities' financial interests and the fight against fraud**  
*Council conclusions*

#### **Financial Management**

- **Presentation of the Court of Auditors annual report (2005)**

- (poss.) **Commission's Progress report on the integrated internal control framework and financial management**

**p.m. Eurogroup 6 November 2006**

**Ministerial Meeting with the EFTA Countries**

**(poss.) Meeting of the Ecofin-troika with representatives of the European Parliament**

**PROVISIONAL AGENDA**  
**ECONOMIC AND FINANCIAL AFFAIRS COUNCIL (BUDGET)**  
**BRUSSELS – 21 NOVEMBER 2006**

**Preparation of the conciliation meeting with the European Parliament**

**Letter of amendment to the preliminary draft budget for 2007**

**Draft EU Budget for 2007 as amended and accompanied by proposals for modifications by the European Parliament: second reading**

**AOB**

**PROVISIONAL AGENDA**  
**ECONOMIC AND FINANCIAL AFFAIRS COUNCIL**  
**BRUSSELS – 28 NOVEMBER 2006**

**Debriefing of the Eurogroup** (*restricted session*)

(poss.) **Implementation of the Stability and Growth Pact** (*restricted session*)

**European Council preparations**

- **The Lisbon Multilateral surveillance**

= *Council conclusions*

- (poss.) **Structural Indicators**

= *Council conclusions/Report*

- **Globalisation**

= *Council conclusions/Report*

**Taxation**

- (poss.) **Energy taxation: Specific derogations**

= *Council decision*

- (poss.) **Travellers' allowances directive**

= *Political agreement*

- **Code of Conduct on harmful tax competition: Report of the group**

- **Common Consolidated Corporate Tax Base**

= *Progress report*

**Financial Services**

- **Directive on payment services in the internal market**

= *Political agreement/General approach*

- (poss.) **Amendment of the Banking Directive, Markets in Financial Instruments Directive and the Insurance Directives: Cross Border Consolidation**

= *Political agreement/General approach*

- (poss.) **Financial market integration and stability**
  - **Crisis management**
  - **Long-term supervisory issues**
  - **Deposit Guarantee Schemes**
- = *Council conclusions*

**p.m. Eurogroup: 27 November**  
**Macroeconomic Dialogue**

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