



**COUNCIL OF
THE EUROPEAN UNION**

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NOTE

from:	Presidency
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Subject:	Work Programme for the Council (Economic and Financial Affairs)

Delegations will find attached the French Presidency's Work Programme for the Council (Economic and Financial Affairs) and the draft provisional Council agendas for the second half of 2008.

Encl.:

During the second half of 2008, the French Presidency will work with its ECOFIN Council partners, the Commission and the European Parliament to provide concrete answers to the concerns of Europe's citizens and businesses. In the firm belief that Europe can bring added value to its citizens, the French Presidency will endeavour to demonstrate Europe's ability to take practical action in the economic and financial sphere. The French Presidency will endeavour to reflect Europeans' concern regarding the economic situation and especially oil prices. It will seek a tangible response to turbulence on **financial markets** and to inadequacies detected in the organisation of **banking and insurance supervision**.

On the tenth anniversary of economic and monetary union, the French Presidency of the ECOFIN Council will try to find ways of making Economic and Monetary Union work properly, so as to help assert a strong Europe in a globalised world.

With this in view, the French Presidency will focus on the following objectives, established together with the future Czech and Swedish Presidencies:

- promoting a sound financial system, transparent financial markets and an exemplary supervisory system geared to the reality of financial integration in Europe and conducive to effective supervision of Europe-wide financial groups;
- ensuring proper operation of economic and monetary union;
- continuing with integration of the internal market, particularly as regards financial services and taxation;
- putting forward answers to Europeans' concern regarding the economic situation, against a background of high oil prices and environmental risks;
- considering the various economic tools deployable in tackling climate change;
- stepping up the European Union's economic dialogue with non-member countries.

In order to achieve those objectives, the French Presidency proposes that the ECOFIN Council work on the following priority areas:

ECONOMIC POLICIES FOR GROWTH AND EMPLOYMENT

Macroeconomic situation

The ECOFIN Council will continue to keep a close watch developments of commodity prices, notably oil prices. Following the June 2008 European Council conclusions, it will endeavour to provide specific answers to the concerns of European citizens, at European level, which should be consistent with principles jointly established at Community level and the aim of tackling climate change. **Improving commodity market transparency** and considering **solutions based on various economic instruments, including taxation**, are of especial importance in this matter.

Economic and monetary union

Following the meeting of the Council of the European Union at the level of Heads of State or Government on 19 June 2008, the Council will take a decision in July on the **enlargement of the euro area** to Slovakia by 1 January 2009.

The French Presidency will also continue, within the ECOFIN Council and in close liaison with the Eurogroup, work begun during the Slovenian Presidency on **ten years of economic and monetary union**, on the basis of the approach outlined in the recent Commission communication on the subject.

That work should serve to make the Eurogroup more effective and improve the actual functioning of the euro area. A number of summit meetings with non-member countries, such as the EU-China summit or the ASEM meeting, provide an opportunity to uphold the Union's interests internationally.

Stability and Growth Pact

The ECOFIN Council will examine the updated Belgian and Polish convergence programmes in July. It will in particular consider whether to discontinue the excessive deficit procedure regarding Poland.

During this semester, where appropriate, the Council may take the necessary measures to **implement the Stability and Growth Pact.**

Lisbon strategy

The Lisbon strategy is a key means of enabling the European Union to take advantage of the opportunities afforded by globalisation, tackle the challenges of an ageing population and climate change and promote sustainable growth and prosperity for Europe's citizens.

The French Presidency will **encourage full implementation of the strategy for the current cycle**, alongside the on-going work, within the Lisbon Coordinators' Group, on the future of the Lisbon strategy after 2010.

During the second half of 2008, Member States are to submit revised versions of their national reform programmes for 2008 to 2010. Such reports demonstrate that the Lisbon strategy is being implemented. The French Presidency will hold a thematic discussion, within the ECOFIN Council, which will focus on a specific issue tackled in these programmes and of particular relevance as regards the Commission communication on EMU@10.

ENERGY AND THE ENVIRONMENT

The ECOFIN Council should help implement the European Union's energy and environmental objectives and should contribute to a **European response to the present upsurge in oil prices**. The French Presidency will accordingly give further consideration to the role of various economic instruments in pursuing these various objectives.

The French Presidency of the ECOFIN Council proposes in particular to consider the relevance of taxation. **It will organise concerted discussion on possible avenues to mitigate the impact of high oil prices, while paving the way for adjustment of behaviours.**

It will, for one thing, have an appraisal also made of the use of tax tools, including VAT, to encourage energy saving.

FINANCIAL SERVICES

Strengthening financial stability

The current financial turbulences bring out the importance to the European Union of a **sound, exemplarily supervised financial system**. The Presidency would therefore like to make supervision more European, by stepping up coordination between national supervisors and as far as possible ensuring application of the same prudential rules throughout Europe. Our aim is also to set **a supervisory system geared to the reality of European capitalism**, i.e. making full allowance for groups henceforth established in many European Union countries.

The French Presidency also wishes to ensure that Europe fully implements internationally agreed responses to financial turbulence. These are designed to increase **transparency and accountability of financial operators**.

The French Presidency will therefore attempt to **implement in full the ECOFIN Council roadmaps**, with two main aims:

- ***Improving transparency and quality of disclosure by financial institutions***

The Council will consider a forthcoming proposal for revision of the **Banking Capital Requirements Directive**, which should make for **accountability of operators** and greater control of **securitisation** risks and **liquidity risk**. It will decide on action to ensure an effective Europe-wide supervisory system for credit-rating agencies. Lastly, in connection with work under way internationally, it will consider transparency rules for financial institutions.

- ***Stepping up convergence of supervisory authorities' practices and gearing financial supervision arrangements to increasing financial integration in Europe***

The Council will consider a number of draft Directives (the Solvency II Directive and the Banking Capital Requirements Directive) to modernise prudential rules for banks and insurers and to **improve the effectiveness of cooperation between supervisors** for European banking and insurance groups. It will implement the December 2007 ECOFIN Council roadmap for **review of the Lamfalussy process**, a regulatory approach designed to bring greater effectiveness, within the European institutions, to the preparation, adoption and implementation of European financial law.

Lastly, the French Presidency will encourage a common approach to **sovereign wealth funds**, along the lines set out by the European Council.

Further integration of the internal market in financial services

The single market is a major advantage for the European Union. Efforts to integrate that market need to be kept up, for the benefit of European consumers.

In addition to the above draft Directives on banking and insurance, the French Presidency will endeavour to move work forward on retail financial services, with the emphasis on improving **bank account mobility**.

In the post-trading area, apart from the ECB and ESCB plan for Target 2 Securities, the French Presidency will ask the Council to assess European moves to achieve better price comparability, greater legal and fiscal harmonisation and better prudential supervision across Europe.

As regards the review of the UCITS directive, the Presidency will work for the introduction of a European passport for management companies, so as at last to make the single market for financial management a reality.

TAXATION

Besides wanting to take forward discussions on environmental and energy taxation, the French Presidency will push two complementary taxation priorities within the ECOFIN Council:

- Ensuring proper operation of the internal market

The French Presidency of the ECOFIN Council will continue with work on modernising the **VAT treatment of financial insurance and services** and on clarifying the rules governing deductibility. It will seek agreement on the application of reduced VAT rates where, as with labour-intensive services and catering, there is no risk of distorting competition.

It will also support work to encourage closer **coordination of Member States' systems of direct taxation**, by proposing the establishment of agreed principles in ECOFIN Council conclusions, as well as the Code of Conduct Group's efforts to **combat harmful tax measures**, on the basis of a new work programme. It will launch discussions on a review of the framework for taxation of tobacco products. The Commission proposal for a **common consolidated corporate tax base** is a possible item on the Council's agenda.

- **Combating tax fraud and tax evasion**

The French Presidency of the ECOFIN Council will endeavour to take forward work on plugging loopholes in the **Savings Taxation Directive**, to make progress in discussions on legislative measures for **tackling intra-Community VAT fraud** and to promote greater administrative cooperation between Member States on VAT via the **Eurofisc project**.

The French Presidency of the ECOFIN Council may also include on its agenda any proposals for revision of the Directives on administrative assistance with regard to direct taxation and recovery.

EUROPEAN UNION BUDGET

In budgetary matters the French Presidency's priority will be to reach agreement with the European Parliament for the adoption of the 2009 budget, so as to ensure funding for Europe's policies and priorities in accordance with the Interinstitutional Agreement on budgetary discipline and sound financial management.

ECONOMIC RELATIONS WITH PARTNER COUNTRIES

The French Presidency will organise a Euro-Mediterranean ministerial meeting, in conjunction with the ministerial meeting on the Euro-Mediterranean neighbourhood and partnership investment facility. Those meetings will serve to flesh out, in economic and financial terms, the guidelines for the "Barcelona process: Union for the Mediterranean" to emerge from the summit of Heads of State or Government on 13 July 2008.

The ECOFIN Council will also meet with the European Free Trade Association countries, for discussion of sovereign wealth funds in particular.

**PROVISIONNAL AGENDA
ECONOMIC AND FINANCIAL AFFAIRS COUNCIL
BRUSSELS, 8 July 2008**

Adoption of the agenda

Approval of the list of "A" items

Presentation of the Presidency programme (*public debate, under Article 8(4) of the Council's Rules of Procedure*)

Implementation of the stability and growth pact (*restricted session*)

Adoption of the euro by Slovakia (LA) (*)

Adoption of legal acts

Oil price trends

Exchange of views

(poss.) Council conclusions

Governance of the International Auditing Standards Board (IASB)

Council conclusions

Financial markets: situation and implementation of the Council road map (including transparency and credit-rating agencies)

Council conclusions

NB:

Eurogroup: Monday 7 July 2008

Breakfast: Tuesday 8 July 2008

Note: celebratory event to be organised by Slovakia

**PROVISIONNAL AGENDA
ECONOMIC AND FINANCIAL AFFAIRS COUNCIL (BUDGET)
BRUSSELS, 17 July 2008**

Preparation for the conciliation meeting with the European Parliament

Council positions for the conciliation meeting

Establishment by the Council of the draft budget of the European Communities for the financial year 2009 (*)

Approval of the Council's first reading of the budget

NB:

Conciliation meeting with the European Parliament

**PROVISIONNAL AGENDA
ECONOMIC AND FINANCIAL AFFAIRS COUNCIL
LUXEMBOURG, 7 October 2008**

Adoption of the agenda

Approval of the list of "A" items

(poss.) **Implementation of the stability and growth pact**

Preparation for the European Council meeting on 15 and 16 October 2008 (incl. EMU@10)

Preparation for the IMF and World Bank annual meetings

Financial services

(a) Draft Directive on solvency of insurers (Solvency II Directive)

Council general approach

(b) (poss.) Revision of the Directives on financial collateral arrangements (Collateral Directive) and on settlement finality in payment and securities settlement systems (Settlement Finality Directive)

Council general approach

(c) Retail financial services

Council conclusions

(d) Situation on financial markets and European supervision

Council conclusions (following an informal discussion)

Taxation

- (a)** (poss.) **Various VAT provisions (*)**
Adoption/political agreement
- (b)** **Combating VAT fraud**
General approach/Council conclusions
- (c)** **General arrangements for movement of products subject to excise duty**
General approach/Council conclusions
- (d)** (poss.) **Tax treatment of diesel fuel for business use (*)**
Adoption/Council conclusions

NB:

Eurogroup: Monday 6 October 2008

Euro-Mediterranean ECOFIN and FEMIP ministerial meeting: Tuesday 7 October 2008
(15.30)

**PROVISIONNAL AGENDA
ECONOMIC AND FINANCIAL AFFAIRS COUNCIL
BRUSSELS, 4 November 2008**

Adoption of the agenda

Approval of the list of "A" items

(poss.) Implementation of the stability and growth pact

The Council could decide to apply the pact in the case of certain Member States (to be determined, if so).

Lisbon strategy

Thematic review (on the basis of national reform programmes, in the context of EMU@10)

Exchange of views

Taxation

(a) Reduced rates of VAT

Political agreement/general approach

(b) (poss.) VAT treatment of financial services and insurance

Council conclusions

(c) (poss.) Coordination of systems of direct taxation

Council conclusions

To be noted as an "A" item or as a nominal "B" item

Statistics

2008 status report

= *Council conclusions*

NB:

Eurogroup: Monday 3 November 2008

Ministerial meeting with the EFTA countries

Macroeconomic dialogue (at political level)

Troika meeting with the European Parliament

**PROVISIONNAL AGENDA
ECONOMIC AND FINANCIAL AFFAIRS COUNCIL (BUDGET)
BRUSSELS, 21 November 2008**

Preparation for the conciliation meeting with the European Parliament

Council positions for the conciliation meeting

Letters of amendment to the preliminary draft budget for the financial year 2009 (*)

Adoption

Draft budget of the European Communities for the financial year 2009 (as amended by the European Parliament) (*)

Approval of the Council's second reading of the budget

NB:

Conciliation meeting with the European Parliament

**PROVISIONNAL AGENDA
ECONOMIC AND FINANCIAL AFFAIRS COUNCIL
BRUSSELS, 2 December 2008**

Adoption of the agenda

Approval of the list of "A" items

(poss.) **Preparation for the European Council meeting (11 and 12 December 2008)**

Financial services

(a) Revision of the Capital Requirements Directive (CRD)

Council general approach

(b) (poss.) Revision of the Directive on undertakings for collective investment in transferable securities (UCITS)

Council general approach

(c) (poss.) Internal market for asset management

Council conclusions

(d) (poss.) Financial market developments and supervision

Council conclusions

(e) (poss.) Clearing and settlement (CESR-ESCB recommendations, Code of Conduct and Giovannini barriers)

Council conclusions

Taxation

(a) (poss.) Common consolidated corporate tax base

(b) Taxation of savings income

Council conclusions/policy debate

(c) Code of conduct for business taxation

Report to the Council/Council conclusions

Presentation by the Court of Auditors of the annual report for the financial year 2007

NB:

Eurogroup: Monday 1 December 2008
