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THE EUROPEAN UNION**



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Main results of the Council

*The Council issued a statement on **backstop arrangements** in anticipation of a comprehensive assessment of banking institutions to be launched by the European Central Bank.*

The aim of the exercise will be to reinforce confidence in the banking industry and to restore the conditions for normal lending to companies and households.

*The Council adopted conclusions on **statistics** in the light of a report on information requirements under EU economic and monetary union.*

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- Documents for which references are given in the text are available on the Council's Internet site (<http://www.consilium.europa.eu>).
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Mr Hans VIJLBRIEF

President of the Economic Policy Committee

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ITEMS DEBATED

TAXATION OF SAVINGS INCOME

The Council discussed a draft directive aimed at strengthening EU rules on the taxation of savings income.

Draft amendments to directive 2003/48/EC are intended to prevent the directive's circumvention, reflecting changes to savings products and developments in investor behaviour since it came into force in 2005.

The aim is to enlarge the directive's scope to include all types of savings income and products that generate interest or equivalent income. And using a "look-through" approach, reasonable steps would be required of tax authorities to establish the identity of beneficial owners.

The Council's discussion confirmed broad support for the amended directive. The dossier will be again discussed in the near future, with a view to reaching an agreement. The presidency expected that this could be done before the end of the year, within the deadline set by the European Council.

Directive 2003/48/EC requires the member states to exchange information automatically so as to enable interest payments made in one country to residents of other to be taxed in accordance with the laws of the state of tax residence. During a transitional period, Luxembourg and Austria can impose a withholding tax on interest paid to savers resident in other member states, instead of providing information on savers¹.

Based on article 115 of the Treaty on the Functioning of the European Union, the directive requires unanimity for adoption by the Council, after consulting the European Parliament.

Under agreements with the EU signed in 2004, Switzerland, Liechtenstein, Monaco, Andorra and San Marino apply measures equivalent to those provided for in the directive. Guernsey, Jersey, the Isle of Man and seven Caribbean territories² do likewise, under bilateral agreements concluded with each of the member states.

¹ Luxembourg has announced that as from 1 January 2015, it will no longer make use of the transitional arrangements and will exchange information automatically under directive 2003/48/EC.

² Dependent and associated territories of the Netherlands and the United Kingdom.

Equivalent measures in those agreements involve either automatic exchange of information or a withholding tax on interest paid to savers resident in the EU. A proportion of the revenue accrued from the withholding tax is transferred to the country of the saver's tax residence.

In May, the Council mandated the Commission to negotiate updated agreements with Switzerland, Liechtenstein, Monaco, Andorra and San Marino to reflect the changes to the EU directive.

STANDARD V.A.T. RETURN

The Council took note of the presentation by the Commission of a proposal for a directive that would introduce a standard VAT return throughout the EU with the aim of reducing burdens on businesses, particularly SMEs (*doc. [15337/13](#)*).

The VAT directive (2006/112/EC) has been identified as an area of EU legislation most burdensome for SMEs, and the VAT declaration in particular. Divergences between member states lead to reduced accuracy and timeliness in VAT returns and constitute an obstacle to cross-border trade.

Under the proposed directive, a company doing business in one member state could easily submit a VAT return in another member state because the information and submission would be standardised.

The proposal addresses issues related to the content, the submission process and corrections of the standard VAT return. It also encourages electronic filing.

Based on article 113 of the Treaty on the Functioning of the European Union, the directive requires unanimity for adoption by the Council, after consulting the European Parliament.

The Council's working group is expected to start examining the proposal in December.

E.U. STATISTICS

The Council adopted conclusions on EU statistics as part of an annual review of statistical governance.

EU policy frameworks rely increasingly on the timely provision of high quality statistics, presenting a major challenge for statistical authorities. At the same time, professional independence amongst statistical agencies is a prerequisite for statistics being perceived as credible. Eurostat has therefore stepped up efforts to strengthen the European statistical system at both the European and national levels.

The Council conclusions review recent moves aimed at enshrining the principle of professional independence and at upgrading cooperation between the European statistical system and the European system of central banks.

The conclusions also consider a programme initiated by Eurostat with the aim of making statistical production more efficient through the sharing of data, services and instruments, whilst continuing to ensure the quality of statistics. Additionally the Commission, at the request of the Council, has worked to establish a statistical quality procedure for statistical indicators underpinning the EU's macroeconomic imbalances procedure.

The conclusions endorse an annual report from the Economic and Financial Committee (EFC) on information requirements under EU economic and monetary union as well as an EFC opinion on EU statistics.

The text can be found in [15442/13](#).

INTERNATIONAL ACCOUNTING STANDARDS

The Council took note on the presentation of a report, by the EU's special advisor on international accounting standards, on the EU's contribution to work in the field ([15614/13](#)).

It held an exchange of views, focusing on three issues raised in the report:

- the process followed in adopting international financial reporting standards (IFRS) in the EU;
- governance issues related to the European financial reporting advisory group (EFRAG) and the EU's accounting regulatory committee;
- funding issues.

The Council asked the Commission to look into these issues further and to report back at one of its forthcoming meetings.

MONEY LAUNDERING

The Council took stock of work in progress on a draft directive on the prevention of money laundering and terrorist financing.

The discussion focused on the following outstanding issues:

- Registries for information on beneficial ownership: where such information should be stored, and who should have access to it and under what conditions.
- Supranational risk assessment: role of the European supervisory authorities and of the outcome of risk assessment.
- Supranational monitoring of anti-money-laundering and counter-terrorist financing regimes: mechanisms to ensure effective implementation.
- Third country equivalence: whether and how to modify the approach used to determine equivalence of anti-money laundering regimes in third countries.

The Council confirmed the aim to agree rapidly a general approach, so that an agreement can be reached with the European Parliament before the end of its current legislature (May 2014). It called on its working group to continue work in order to present a general approach as soon as practically possible.

The proposed directive, along with a draft regulation on information accompanying transfers of funds, is aimed at ensuring consistency between EU anti-money laundering rules and the approach followed at international level. The texts would implement recommendations issued in February 2012 by the Financial Action Task Force (FATF), a 34-member body established by the G7 and considered as the global standard in combating money laundering and terrorist financing¹.

The Commission presented its proposals for a directive and a regulation in February. In May, the European Council called for the directive to be adopted by the end of the year.

Work is currently focusing on the draft directive. The proposal sets out to modify directive 2005/60/EC, the EU's third anti-money laundering directive, which implements the FATF's recommendations.

Based on article 114 of the Treaty on the Functioning of the European Union, the directive requires a qualified majority for adoption by the Council, in agreement with the Parliament.

¹ On some issues, the proposal expands on the task FATF's requirements and provides additional safeguards.

ASSET QUALITY REVIEWS AND STRESS TESTS - BACKSTOP ARRANGEMENTS

The Council issued the following statement:

- "1. The Council RECALLS that completing the Banking Union in line with the European Council conclusions of December 2012 and March-June-October 2013 is a key priority. Together with sustained fiscal and structural efforts and the legislative measures (BRRD, CRDIV/CRR, DGSD), it is key in ensuring financial stability and a more efficient functioning of the EMU.
2. At its meeting of 15 October, the Council has adopted the Regulations (1024/2013 and 1022/2013) creating the Single Supervisory Mechanism (SSM) for the oversight of banks and other credit institutions. The Regulation (1022/2013) has entered into force on 30 October, Regulation (1024/2013) on 3 November 2013. The ECB will assume its supervisory tasks in full on 4 November 2014, subject to implementation arrangements.
3. In the transition towards the SSM, a comprehensive assessment will be conducted by the ECB, comprising a supervisory risk assessment, an asset quality review and a stress test, the latter in coordination and cooperation with the wider stress test exercise managed by EBA. There will be one final result published at the end of the assessment.
4. The Council IS OF THE OPINION that the new supervisory set-up within the ECB provides the necessary assurance to the market in terms of rigour of the comprehensive assessment. The involvement of an independent third party and the use of harmonised definitions, including for Non Performing Loans (NPLs) and forbearance as well as resulting adjustments of Risk Weighted Asset (RWA) calculations will further support it.
5. In this regard, the Council WELCOMES the communication by the ECB of 23 October, which clearly sets out the key features of the comprehensive assessment.
6. In the broader EU context, the Council also WELCOMES the EBA recommendation on AQRs published on 21 October, and the technical standards on supervisory reporting on Non-Performing Exposures and Forbearance which will provide consistent indicators of asset quality of banks across the European Union.

7. The Council **RECALLS** that since the EBA capital exercise of 2011/2012 and following the subsequent capital preservation recommendation of July 2013, a considerable strengthening of the EU banking sector's capital positions (more than €200 billion) has taken place and core tier one capital levels today are comparable to the ones of the US banks. In addition, in a number of Member States, asset quality reviews and stress test exercises have been carried out at the national level. This has allowed for an increase in banks' capital levels and balance sheet transparency placing these banks in a better position than when the previous exercise was conducted. Such positive evolution means that EU banks have more loss-absorption capacity now than in 2010-2011. In addition, market conditions are overall much better and it should be easier for most banks to raise capital in the market. Such process is already well underway.
8. In view of the upcoming comprehensive assessment, the Council **REITERATES** the commitment by the June 2013 European Council that "all Member States participating in the SSM implement appropriate arrangements, including the establishment of national backstops ahead of the completion of this exercise".
9. Moreover, following up to the October 2013 European Council conclusions to develop this approach, the Council **CONFIRMS** more specifically that:
 - well ahead of the publication of the results of the comprehensive assessments for banks participating in the SSM and of the stress test results for the others, Member States are ensuring that the financial institutions concerned prepare specific and ambitious strategies for the restructuring as appropriate in case vulnerabilities emerge. These strategies will privilege private sector solutions and provide equal terms for cross border and domestic M&A.
 - in the eventuality that the comprehensive assessments/stress tests reveal a capital shortfall, the established pecking order (first private sources, then national and euro area/EU instruments) will apply:
 - In a first instance, banks should raise capital in the market, retain profits, undertake capital accretive sales and restructuring, engage in liability management exercises as appropriate and/or raise capital from other private sources.
 - If this is revealed not to be sufficient or in the absence of access to sources of market financing, Member States should mobilise all appropriate arrangements for recapitalising banks, if needed, including through the provision of public backstops where appropriate.

In case of recourse to public backstops the following framework will apply:

- In the first instance, national frameworks will be activated.

In line with the June European Council conclusions, Member States will have at the national level the necessary arrangements in place, including resolution mechanisms and public backstops, enabling them to respond promptly if needed to any vulnerability identified by the exercise.

As the still to be adopted BRRD bail-in tool will not yet be applicable at the time of the conduct of the comprehensive assessment/stress test, burden sharing will apply, in full respect of EU State Aid rules¹, ensuring a level playing field and with a view to safeguard financial stability. All Member States will ensure that the necessary tools are in place enabling them to proceed with such burden sharing, including changes to national legislation as appropriate, in accordance with the EU and international legal order.

Credibility, effectiveness and consistency across these frameworks will need to be ensured. The Commission will review the available national arrangements on a regular basis throughout the exercise and regularly report to the EFC and the Council, starting in December 2013.

The Council RECALLS that, in accordance with the modalities of article 2 (3) of the Regulation 1467/97, if and when, at a national level, the use of backstops involves the use of public money, these capital injections would benefit from a specific treatment under EDP rules. The Stability and Growth Pact (SGP) provides that both deficit- and debt-increasing operations resulting from interventions triggered by the need to safeguard financial stability shall be duly taken into account “as relevant factors” when assessing the need to open an EDP. These operations shall in principle be recorded as one-off or temporary measures during the course of the excessive deficit procedure, thereby not influencing the assessment on effective action taken in response to an EDP recommendation.

¹ See Communication from the Commission on the application, from 1 August 2013, of State aid rules to support measures in favour of banks in the context of the financial crisis (2013 Banking Communication), which defines minimum requirements for burden sharing, at <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2013:216:0001:0015:EN:PDF> .

- In the second instance, if national backstops are not sufficient, instruments at the euro area/EU level will be available as appropriate:

At the euro area level, ESM instruments may be used in the appropriate sequencing, according to their respective agreed rules and requirements:

First, the ESM can provide through its normal procedures financial assistance for the recapitalisation of financial institutions in the form of a loan to a Member State, after appropriate bail-in, in full respect of EU State Aid rules.

Second, the direct recapitalisation instrument with its €60 billion ESM exposure limit, for which the October 2013 European Council called on the Eurogroup to finalise guidelines, could also be used when adopted according to Euro Area and national procedures, in line with the June 2013 Eurogroup agreement, following the establishment of the SSM.

- The Council notes that for non-Euro Area Member States, there are existing and longstanding EU instruments, which can be, and have already been, applied in line with applicable EU legislation.
 - The Council **UNDERSCORES** the importance of equal treatment between the euro area and non euro area SSM/SRM participants, including the priority for private sector solutions. In this perspective, discussions are ongoing to explore how equivalent support mechanisms can be established for euro area and non-euro area SSM participants.
10. Finally, the Council is **CONFIDENT** that the implementation of the applicable rules will ensure consistency, safeguard financial stability as well as ensure a level playing field across the single market, between home and host as well as between Member States participating and not participating to the SSM, thus preventing regulatory arbitrage opportunities, artificial ring-fencing of capital and liquidity, and facilitating cross-border banking recovery and resolution."

BANK RESOLUTION - SINGLE RESOLUTION MECHANISM

The Council discussed a draft regulation aimed at establishing a single decision-making authority and a single fund for the resolution of failing banks.

In the light of the discussion, the presidency confirmed its intention to seek agreement on the dossier by the end of the year. Its aim is to achieve an agreement acceptable to all member states, consistent with the objective of building a strong banking union, and within the deadline set by the European Council.

The presidency instructed the Council's working group to continue work so as to enable it to prepare a final compromise proposal for the Council's meeting on 10 December. The presidency identified issues for consideration by the working group in the following terms:

- Scope of the single resolution mechanism (SRM): The point of departure must be that the SRM covers all banks authorised in the participating member states. The working group will however examine options for enhancing the role of national resolution authorities, bearing in mind the role that national supervisory authorities have in the supervision of less significant banks in the SSM.
- Decision-making authority: A large degree of support for the governance structure laid out in the presidency compromise proposal was observed, but an agreement has yet to be found. The working group will explore the voting modalities and the possibilities for involving the Council. There is agreement that any mechanism should enable swift, robust and effective decision-making.
- Structure of the single resolution fund: The Council is still in the process of looking for the best solution. The presidency considers that work should continue on the premise that there will be a single fund. Beyond that, it highlighted the need to explore possibilities as regards the structure and the build-up of the fund. It will consider how the fund can be constructed in a transitional period.
- Non-contractual liability and equality of treatment of participating and non-participating member states: Options will be considered to solve these issues in a reasonable and fair manner.

The proposed SRM will form one of the key elements of Europe's planned banking union. Creation of a banking union is essential to overcoming market fragmentation and breaking the link between vulnerable sovereigns and banks.

The Parliament and the Council are currently negotiating a directive on bank recovery and resolution, which is aimed at harmonizing EU rules for the orderly resolution of banks.

While the directive would rely on a network of national authorities and resolution funds, the creation of an SRM would ensure that supervision and resolution are exercised at the same level for countries that share the supervision of banks within the SSM¹.

The SRM would cover all countries participating in the SSM, namely the euro area member states and those non-eurozone countries that decide to join via close cooperation agreements. It would enter into force on 1 January 2015.

The Commission's proposal is based on article 114 of the Treaty on the Functioning of the European Union, which would require a qualified majority for adoption by the Council, in agreement with the European Parliament.

¹ See press release [14044/13](#).

OTHER BUSINESS

The Council took note of on-going work on financial services dossiers, in particular:

- a draft regulation on central securities depositories;
- an agreement reached with the European Parliament enabling application of the "Solvency 2" legislation as from 2016;
- draft rules relating to markets in financial instruments;
- a draft directive for the recovery and resolution of banks; and
- a draft directive on deposit guarantee schemes.

MEETINGS IN THE MARGINS OF THE COUNCIL

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

- Informal meeting with the European Parliament

The current and next two presidencies held an informal meeting on 14 October with the Commission and a delegation from the European Parliament. The meeting focused on issues related to banking union and other financial services dossiers.

- Macroeconomic dialogue with the social partners

A dialogue on macroeconomic issues was held on 14 October between, on the one hand, the presidency¹, the Commission, the European Central Bank and the president of the eurogroup and, on the other hand, the social partners: employer and trade union organisations at EU level and representatives of public enterprises and SMEs.

- Eurogroup

Ministers of the euro area member states attended a meeting of the eurogroup on 14 October.

- Ministerial breakfast meeting

Ministers held a breakfast meeting to review the economic situation in the light of the Commission's autumn economic forecasts.

¹ Current and two future presidencies.

OTHER ITEMS APPROVED

ECONOMIC AND FINANCIAL AFFAIRS

Value-added tax - Denmark, Italy, Luxembourg, Romania, Sweden and the UK

The Council adopted decisions authorising the following derogations under the EU's common value-added tax system (directive 2006/112/EC):

- Denmark and Sweden: Extended application of a special procedure concerning tolls paid for use of the Öresund fixed link between the two countries, enabling taxpayers to recover VAT from a single administration. The derogation will apply from 1 January 2014 until 31 December 2020 ([15131/13](#));
- Italy: Continued application of a measure restricting to 40% the right of a taxable person to deduct VAT on expenditure related to motorised road vehicles when the vehicle is not used exclusively for business purposes. The decision will apply from 1 January 2014 until the entry into force of rules determining the expenditure relating to motorised road vehicles which is not eligible for a full VAT deduction, and on 31 December 2016 at the latest ([15130/13](#));
- Italy: Continued application of an exemption from VAT of taxable persons whose annual turnover is no higher than €65000, with the possibility to increase the threshold in order to maintain the value of the exemption in real terms. The decision will apply from 1 January 2014 until the date of entry into force of a directive amending the amounts of the annual turnover ceilings below which taxable persons may qualify for VAT exemption, or until 31 December 2016, whichever date is earlier ([15129/13](#));
- Luxembourg: Introduce an exemption from VAT for taxable persons whose annual turnover is no higher than €25000. The decision will apply until the date of entry into force of EU rules amending the amounts of the annual turnover ceilings below which taxable persons may qualify for VAT exemption or until 31 December 2016, whichever date is earlier ([15128/13](#));
- Romania: Continued implementation, until 31 December 2016, of a reversal of tax liability (from supplier to recipient) for the payment of VAT on supplies of wood products by taxable persons including standing timber, round or cleft working wood, fuel wood, timber products, as well as square edged or chipped wood and wood in the rough, processed or semi-manufactured wood ([15127/13](#));

- United Kingdom: Continue application of a measure concerning the right of deduction of VAT borne on the hire or lease of motor cars also used for private purposes. The decision will apply from 1 January 2014 until the entry into force of rules determining the expenditure relating to motorised road vehicles which is not eligible for a full VAT deduction, and on 31 December 2016 at the latest ([15132/13](#)).

Saint-Barthélemy - taxation

The Council adopted a decision (*doc.* [15148/13](#)) authorising on the signature, on behalf of the EU, of an agreement (*doc.* [15600/13](#)) between the EU and France on application to the collectivity of Saint-Barthélemy of EU legislation on the taxation of savings and administrative cooperation in the field of taxation.

FOREIGN AFFAIRS

Somalia - restrictive measures

The Council amended the EU restrictive measures against Somalia to implement changes to the arms embargo decided by the United Nations.

Iran - restrictive measures

The Council amended EU restrictive measures against Iran, in response to the judgments of the General Court of 6 September.

While the Council does not intend to appeal in these cases, technical changes have been made to maintain the listings while taking into account the Court's views. These decisions do not amount to a change in the EU's sanctions policy regarding Iran.

Albania -stabilisation and association agreement

The Council adopted a decision authorising the signature and provisional application of a protocol to the EU-Albania stabilisation and association agreement, to take account of the accession of Croatia to the EU.

As regards matters falling under the competence of the European Atomic Energy Community, the Council approved the conclusion of the protocol by the Commission, on behalf of the European Atomic Energy Community.

Horn of Africa - EU mission

The Council extended the validity of the financial reference amount of the EU mission on regional maritime capacity building in the Horn of Africa (EUCAP Nestor) to last until 15 July 2014.

The mission works to strengthen maritime capacities in the countries of the Horn of Africa and the Western Indian Ocean, with an initial geographic focus on Djibouti, Kenya, the Seychelles and Somalia.

TRADE POLICY

Decision-making procedures for trade policy

The Council adopted its position at first reading on "Omnibus" proposals on the procedures used for decision-making under the EU's common commercial policy ([13283/13](#) + [ADD 1](#) and [13284/13](#) + [ADD 1](#)).

The two draft regulations are aimed at modifying a number of regulations adopted between 1972 and 2009, adapting them to decision-making procedures provided for by the Treaty of Lisbon, which entered into force in December 2009.

Based on article 207(2) of the TFEU, the two regulations require a qualified majority for adoption by the Council, in agreement with the European Parliament. An agreement with the Parliament was reached in June.

The texts will now be sent to the Parliament for a second reading, which has indicated that it could adopt them without further amendment.

GENERAL AFFAIRS

Demographic statistics

The Council adopted a regulation laying down rules for the production of European demographic statistics on population and vital events (*PE-CONS 88/13*)¹.

These common rules will try to ensure the quality and comparability of the data provided by the member states to Eurostat, the EU's statistical office.

(<http://epp.eurostat.ec.europa.eu/portal/page/portal/eurostat/home/>)

JUSTICE AND HOME AFFAIRS

Monitoring of drug supply - Conclusions

The Council adopted conclusions on Improving the monitoring of drug supply in the European Union.

The text is set out in document [15189/13](#).

Eurojust annual report - Conclusions

The Council adopted conclusions on the Eurojust Annual Report 2012.

The text is set out in document [14919/13](#).

EUROPEAN ECONOMIC AREA

EEA Council

The Council established the European Union's common position for the 40th meeting of the European Economic Area Council to take place in Brussels on 19 November 2013.

¹ The Slovak, Hungarian and Czech delegations abstained and the Italian delegation voted against [\(15512/1/13 ADDI REVI\)](#). The adoption follows an agreement with the European Parliament at first reading.

CUSTOMS UNION

Drug precursors - acetic anhydride - ephedrine

The Council adopted a regulation aimed at improving the prevention of the diversion from the EU-internal trade of acetic anhydride, which is the main drug precursor for heroin (PE-CONS [61/13](#) and [15516/13 ADD1](#)).

The regulation, which amends regulation 273/2004 on drug precursors, extends the registration requirement, which so far applies only to operators placing acetic anhydride on the market, to also include users of the substance.

The Council also adopted a regulation aimed at strengthening the control of international trade in medicinal products containing ephedrine or pseudoephedrine exported from or transiting through the Union customs territory which are diverted for the illicit manufacture of drugs (PE-CONS [71/13](#)).

The regulation amends regulation 111/2005 laying down rules for the monitoring of trade between the EU and third countries in drug precursors.

Ephedrine and pseudoephedrine are chemical substances used for the manufacture of cold or allergy medicines. These two substances are also the main precursors for the manufacture of methamphetamine, which is a synthetic drug that belongs to the amphetamines-group.

The European Parliament adopted both regulations at first reading on 23 October 2013.

Drug precursors are chemical substances having a wide variety of licit uses, such as in the synthesis of plastics, pharmaceuticals, cosmetics, perfumes, detergents, or aromas. They are traded for legitimate purposes on regional and global markets, but some of them can also be diverted from the licit distribution channels for the illicit manufacture of narcotic drugs.

FISHERIES

EU-Morocco partnership agreement

The Council adopted a decision on the signing on behalf of the EU of the protocol setting out fishing opportunities and the financial contribution provided for in the fisheries partnership agreement (FPA) between the EU and the Kingdom of Morocco ([14161/13](#)).

The partnership agreement in the fisheries sector between the EU and Morocco was concluded in 2006. The main objective of the protocol to this FPA is to define the fishing opportunities offered to EU vessels as well as the financial contribution due, separately, for access rights and for sectoral support. Following negotiations, a new protocol was initialled on 24 July 2013. The new protocol covers a period of four years from the date of its signature. As no provisional application of this protocol was foreseen, it will apply from the date of the decision to conclude this protocol. The European Parliament will have to give its consent on the conclusion of the Protocol.

The application of the previous protocol setting out the fishing opportunities and financial contribution provided for in the FPA ended on 20 December 2011 when the European Parliament refused to give its consent at this time

In addition to the signing of this new protocol, the Council adopted also a regulation concerning the allocation of fishing opportunities between member states ([14164/1/13](#)).

EU-Mauritania partnership agreement

The Council adopted a decision on the conclusion of the protocol setting out the fishing opportunities and financial contribution provided for by the fisheries partnership agreement (FPA) between the EU and the Islamic Republic of Mauritania for a period of two years ([15777/12](#)).

The FPA in the fisheries sector between the EU and Mauritania was concluded in 2006. The main objective of the protocol to this agreement is to define the fishing opportunities offered to EU vessels as well as the financial contribution due, separately, for access rights and for sectoral support. Following the negotiations, a new protocol was signed by the Council and Mauritania in December 2012. In order to allow EU vessels to carry out fishing activities, the new protocol applied on a provisional basis since then, pending the completion of the procedures for its formal conclusion. The European Parliament gave its consent on the conclusion of this protocol on 8 October 2013.

General Fisheries Commission for the Mediterranean

The Council adopted a decision authorising the Commission to open negotiations on behalf of the EU on amendments to the agreement establishing the General Fisheries Commission for the Mediterranean (GFCM), rules of procedures of GFCM and financial regulations of GFCM.

The GFCM is a regional fisheries management organisation (RFMO) established under FAO constitution and composed of all coastal states of the Mediterranean Basin and Japan. This organisation also covers the Black Sea, and three out of six Black Sea countries are members (Bulgaria, Romania and Turkey). The EU and nine member states (Bulgaria, Cyprus, France, Greece, Italy, Malta, Romania, Slovenia and Spain) are members of the GFCM. The GFCM may, on the basis of scientific advice, adopt recommendations and resolutions designed to promote the development, conservation, rational management and best utilization of stocks of living aquatic resources in the Mediterranean and the Black Sea at levels are considered sustainable and at low risk.

A performance review assessing the capability of the organisation to fulfil its mandate (2009 and 2010) led to the setting of a task force to improve and modernise the legal and institutional framework of the GFCM. On the basis of the main orientations proposed by this task force, several topics have been identified as requiring a recast of the GFCM agreement and associated rules such as: the organisation basic framework, conservation issues, management issues, specific aspects related to aquaculture, compliance and enforcement.

RESEARCH

EU-Switzerland scientific and technological cooperation agreement

The Council authorised the opening of negotiations on an agreement with Switzerland on scientific and technological cooperation with a view to associating Switzerland to "Horizon 2020", the EU's framework programme for research and innovation (2014-2020) and to the Euratom (European Atomic Energy Community) programme, which supplements Horizon 2020; and regulating Switzerland's participation in the ITER nuclear fusion project.

ENVIRONMENT

Environment action programme

The Council adopted a decision on an EU environment action programme that will run until 2020 ([PE-CONS 64/13](#), [15519/13 ADD1 REV1](#)).

Adoption of the legislation follows an agreement reached with the European Parliament on 19 June.

This seventh Environment action programme, entitled "Living well, within the limits of our planet" replaces the sixth programme, which expired in July 2012. The new programme reflects the EU's commitment to transforming itself into an inclusive green economy that secures growth and development, safeguards human health and well-being and provides decent jobs. It sets out priority objectives for EU environment policy in the period up to 2020:

For details, see press release [16237/13](#).

Batteries and accumulators

The Council adopted a directive amending [directive 2006/66/EC](#) on batteries and accumulators in order to gradually reduce the amount of cadmium and mercury released into the environment as substitutes become available on the market (PE-CONS [55/13](#), [15167/13 ADD1](#)).

Adoption of the legislation follows an agreement reached with the European Parliament at first reading.

For details, see press release [15851/13](#).

Ship recycling

The Council adopted a regulation on ship recycling (PE-CONS [59/13](#), [15517/13 ADD1 REV1](#)). Adoption of the legislation follows an agreement reached at the third informal trilogue with the European Parliament on 17 June 2013.

The new regulation aims to prevent, reduce and minimise accidents, injuries and other adverse effects on human health and the environment caused by ship recycling. In addition, it seeks to ensure the proper management of hazardous materials on board ships. It also aims to facilitate the ratification of the Hong Kong Convention.

For details, see press release [16229/13](#).

AGRICULTURE

Food processing - Court of Auditors report

The Council adopted conclusions on a special report from the European Court of Auditors entitled "Has the EU support to the food-processing industry been effective and efficient in adding value to agricultural products?".

The conclusions are set out in [14885/13](#).

FOOD LAW

Gluten in food

The Council decided not to object a Commission regulation on the provision of food information to consumers as regards voluntary information on the absence or reduced presence of gluten in food ([13245/13](#)).

The regulation is a delegated act pursuant to article 290 of the Treaty on the Functioning of the EU. This means that now that the Council has given its consent, the act can enter into force, unless the European Parliament objects to it.

INTERNAL MARKET

Pleasure boats

The Council adopted a directive updating the requirements for the design and manufacture of pleasure boats (PE-CONS [41/13](#) and [15165/13 ADD1](#)).

The objective of the directive is to increase the safety of users and the environmental protection. It also clarifies the conditions for economic operators to place recreational craft on the internal market, including those imported from third countries.

It covers recreational craft and personal watercraft, such as sailing boats, motorboats and sea scooters.

The first set of rules to harmonise safety characteristics and to remove obstacles to trade of recreational crafts between EU countries were adopted in 1994, under directive 94/25/EC. In 2003, the scope of the directive was extended to include environmental protection requirements by adopting exhaust emission limits (CO, HC, NOx and particulates) and noise limits levels for propulsion engines.

The new directive further adapts the emission rules to reflect the technological developments that allow nowadays to improve the environmental performance of nautical engines.

In order to allow manufacturers and other economic operators sufficient time to adapt to the new requirements, the directive provides for transitional periods during which products which comply with the old directive may still be placed on the market. This measure is of particular importance to manufacturers of small outboard engines given that in Europe the majority of them are small and medium-sized enterprises.

The four design categories of leisure boats are based on environmental conditions for navigation, namely wind force and significant wave height.

The "CE marking" affixed on these boats is the marking of conformity indicating that the product complies with EU legislation.

Professional qualifications

The Council approved a review of the EU directive on professional qualifications (PE-CONS [57/13](#) and [15166/13 ADD1](#)).

The review is aimed at making the system of mutual recognition of professional qualifications more efficient in order to achieve greater mobility of skilled workers across the EU.

The main features of the directive include the creation of a European professional card; changes to the current system, such as the insertion of the principle of partial access to certain professions and the clarification of training requirements, as well as measures for a better use of existing instruments such as the Internal Market Information system.

For details, see press release [16262/13](#).

TRANSPORT

Tachograph in road transport

The Council adopted its position at first reading on a regulation on the tachograph used in road transport ([11532/13](#)), aimed at making fraud more difficult and reducing the administrative burden. The German delegation voted against (statements: [14969/13 ADD1 REVI](#)).

The European Parliament should be able to endorse the text at its second reading, expected to take place in the coming months, thereby completing the adoption of the regulation.

For details, see press release [15122/13](#).

Maritime labour convention - flag state responsibilities

The Council adopted a directive laying down the responsibilities of flag states for the enforcement of the maritime labour convention agreed in 2006 by the International Labour Organisation (ILO) ([43/13](#); statements: [15164/13 ADD1](#) + [ADD2](#)).

The purpose of the ILO convention is to guarantee decent living and working conditions on board ships and to limit social dumping, thus securing fair competition for ship owners who respect seafarers' rights. The directive now adopted is the result of an agreement reached with the European Parliament on this legal act.

The directive aims to ensure that member states discharge their obligation as flag states to monitor the compliance of ships flying their flag with the rules laid down in directive 2009/13, which has incorporated a large part of the Maritime Labour Convention into EU law. The new directive is needed since the 2009 directive, which implements an agreement between the Union's social partners regarding that Convention, does not cover enforcement.

The new directive, which incorporates parts of the Maritime Labour Convention's enforcement provisions, requires flag states to establish inspection mechanisms to ensure compliance monitoring. It also stipulates that the personnel responsible for that monitoring must have the necessary professional competence and independence. In addition, it provides for a complaints procedure.

The responsibilities of port states for the enforcement of the Convention are covered by another directive ([24/13](#)) adopted in July this year.

TRANSPARENCY

Public access to documents

On 15 November 2013, the Council approved:

- the reply to confirmatory application No 18/c/01/13 with the Danish, Estonian, Dutch, Slovenian, Finnish and Swedish delegations voting against (doc. *14355/1/13 REV 1*).
- the reply to confirmatory application No 19/c/01/13 with the German, Estonian, Lithuanian, Slovenian, Finnish and Swedish delegations voting against (doc. *14523/13*).

APPOINTMENTS

European Economic and Social Committee

The Council appointed Mr Mr Bernt FALLENKAMP (Denmark), as a member of the European Economic and Social Committee for the remainder of the current term of office, which runs until 20 September 2015 ([14806/13](#)).

Committee of the Regions

The Council appointed Ms Birgit HONÉ (Germany) as a member of the Committee of the Regions for the remainder of the current term of office, which runs until 25 January 2015 ([15241/13](#)).
