The Hague, 11 May 2016

Presidency summary of the informal Ecofin meeting of Ministers and Central Bank Governors Amsterdam, 22 & 23 April 2016

Please find below the summing up of the Informal Meeting of EU Finance Ministers of Friday, April 22nd and Saturday, April 23rd 2016.

Friday 22 April

Working lunch: EU-budget

The European Finance Ministers discussed the predictability and agility of the EU budget. The Commission welcomed the progress made in improving the predictability of the EU-budget, for example by the expected agreement on the *Making Available Regulation* which shifts the payments resulting from the annual *Gross National Income* rebalancing exercise to Spring and by the intention to reduce the number of amending budgets. Furthermore, ministers reflected upon the ability of the *Multi Annual Financial Framework* (MFF) to respond to unforeseen challenges of today. Ministers indicated that especially the large and unforeseen inflow of migrants calls for creativity to enhance the ability of the current MFF to incorporate unforeseen expenditures and expressed openness to examine possible improvements. Most Member States indicated that this should be done while respecting the current MFF-ceilings. Others stressed that current priorities should not be affected. The Commission will take the views of Member States into account when preparing the Mid Term Review of the MFF and the proposal for amendment of the financial regulation. The incoming Slovak Presidency expressed their commitment to take this work forward during their Presidency.

Working session: Strengthening the Banking Union

The Ministers and Central Bank governors exchanged views on the regulatory treatment of banks' sovereign exposures, based on the preliminary results of the work the EFC High Level Working Group (HLWG). Ministers and Governors expressed their views on several

policy options, including issues in relation to transition. The discussion on the regulatory treatment of sovereign bonds is taking place in the context of strengthening the banking union. For some, reform in this area is also a crucial element in the broader agenda to reduce and share risks within the Banking Union. A wide range of views was expressed on the preferred policy option(s) and the way forward. The Presidency will continue its work on strengthening the Banking Union and come back to this issue at a later stage during the Netherlands Presidency.

Working session: Panama Papers

The discussion at the Informal Ecofin meeting on the "Panama Papers" revelations focused on tax fraud, tax evasion, aggressive tax planning and money laundering. The possible actions in response to the release of the Panama Papers were discussed. All Member States agreed that action is needed to prevent these schemes. Transparency is essential. All Member States expressed their intention to participate in a pilot project for automatic exchanges of information on ultimate beneficial owners.

The Netherlands Presidency will take forward the work on the amendment to the 4th Anti-Money Laundering Directive which, as the Commission announced, will be submitted to the European Parliament and the Council in June. Ministers were of the opinion that the upcoming revision should go beyond the amendments announced by the Commission in February, which are largely geared towards anti-terrorist financing. The Commission was therefore invited to consider improvements to address certain issues linked specifically to money laundering, in particular to enhance accessibility of beneficial owners registers on corporate and other legal entities, as well as on trusts and similar legal arrangements, to clarify the registration requirements to trusts, to speed up the interconnection of national beneficial ownership registers, to promote automatic exchanges of information on beneficial ownership between authorities and to strengthen customer due diligence rules.

It emerged from the discussion that Ministers support the establishment of an EU list of non-cooperative jurisdictions and

coordinated defensive measures to be defined in the Council, working closely and in parallel with the OECD. The Council will discuss this matter at the May Ecofin. Furthermore, Member States expressed the view that it is of great importance to reach political agreement on the Anti-tax Avoidance Directive and to adopt council conclusions on the Communication on External Strategy during the May Ecofin and agreed that the discussion on public Country-by-Country reporting needs to start swiftly.

Working session: Sustainable Finance

The Ministers and Central Bank governors acknowledged that the EU is in a good position to give momentum to the transformation process towards a low-carbon economy. The delegations welcomed the work of the FSB climate disclosure taskforce, and look forward to the taskforce's final report at the end of this year. The recommendations of the taskforce can be taken into account when the guidelines for non-financial reporting are finalized at the end of this year.

The delegations expressed the view that climate-related financial risks should be appropriately monitored by competent authorities. Stress testing dedicated to climate risks could be an important new tool to assess these developments. Further work on the methodology of such tests should be informed by various initiatives like the aforementioned FSB taskforce and could also involve the ESRB. Member States and competent authorities indicated that financial institutions can provide a valuable contribution in the transition to a low-carbon economy by strengthening the market of green finance. In this light, participants also touched upon the role of sustainable finance and facilitating green investments, in particular green bonds, within the Capital Markets Union. The Commission indicated it was further reflecting on the framework for green finance, in particular regarding the definition of 'what is green' and the need for EU green bond standards.

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Saturday 23 April

Working Session: Stability and Growth Pact

On the basis of a Presidency note and a Commission paper the European Ministers discussed ways to make the Stability and Growth Pact more predictable. Ministers stated that that the current framework has become complex and hard to predict due to continuous fine-tuning of the rules and the use of multiple and sometimes unobservable and volatile indicators. This may impact the public support for the rules and the ownership by national policy makers. Ministers broadly shared the view that although there are no simple solutions, an increased reliance on an expenditure rule could help overcome these problems. In the meeting the EFC was asked to do further work on improving the functioning of the SGP.

Working session: VAT fraud

The Council exchanged views on measures to fight VAT fraud in the EU. There was full support for the need for swift EU action to tackle VAT fraud. Most of the Member States were positive about automatic exchange of information being the way forward in tackling Vat fraud and were prepared -within the coming months- to identify the necessary preconditions for them to be able to start with the use of TNA**.** The IT Tool which was presented will be discussed again at the May Ecofin, with the aim that those Member States who wishes to do so can voluntary start with the tool. The May Ecofin will also focus on Council Conclusions on the VAT Action Plan, which also deals with VAT fraud.

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