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THE EUROPEAN UNION**



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Economic and Financial Affairs

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Main results of the Council

*The Council agreed a general approach on two draft regulations aimed at further improving **economic governance** in the euro area.*

The proposals provide for enhanced monitoring of euro area countries' budgetary policies and strengthened surveillance of euro area member states that experience financial disturbance or request financial assistance.

The presidency will now start negotiations with the European Parliament with a view to enabling adoption of the two regulations at first reading.

*The Council adopted a regulation harmonising rules for **short selling and credit default swaps**.*

The regulation introduces common transparency requirements and harmonises the powers that regulators may use in exceptional circumstances. Its adoption follows an agreement reached with the European Parliament in October.

*The Council adopted conclusions providing guidance to the member states for tackling macroeconomic and fiscal challenges, to be submitted to the European Council under this year's **European Semester**. The 23 member states participating in the Euro Plus Pact also adopted conclusions.*

Furthermore, the Council adopted:

- a directive exempting **very small companies** from accounting and financial obligations;*
- a recommendation to the European Parliament on the discharge to be given for implementation of the EU's general **budget for 2010**;*
- conclusions setting the Council's priorities for negotiation with the Parliament of the EU's **2013 budget**;*
- conclusions on the follow-up to the UN conference **climate change** held in Durban at the end of last year.*

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- 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.

OTHER ITEMS APPROVED

ECONOMIC AND FINANCIAL AFFAIRS

Short selling and credit default swaps

The Council adopted a regulation on short selling and certain aspects of credit default swaps which introduces common EU transparency requirements and harmonises the powers that regulators may use in exceptional situations where there is a serious threat to financial stability (*docs [6216/12](#) + [6216/12 ADD 1 REV 1](#) + [PE-CONS 68/11](#)*).

The United Kingdom delegation abstained.

Adoption of the regulation follows agreement reached with the European Parliament in first reading on 18 October 2011, and subsequent approval by the Permanent Representatives Committee on 10 November.

For details, see press release [6625/12](#).

Climate finance - Follow-up to the Durban Conference

The Council adopted the following conclusions:

"The Council:

1. WELCOMES the appreciation by the Conference of the Parties of fast-start financing provided by developed countries and RECONFIRMS that the official report on 2011 fast start finance provided by the EU and its Member States will be submitted to the UNFCCC secretariat by May 2012;

2. WELCOMES the approval of the governing instrument for the Green Climate Fund (GCF) and the way forward outlined in the Durban Decisions with regard to the expeditious full operationalization of the GCF; REITERATES that the Fund is to make a significant and ambitious contribution to the global efforts towards attaining the goals set by the international community to combat climate change; REITERATES FURTHER that the Fund will promote the paradigm shift towards low – emission and climate – resilient development paths by providing support to developing countries to limit or reduce their greenhouse gas emissions and to adapt to the impacts of climate change in developing countries particularly vulnerable to the adverse effects of Climate Change; WELCOMES that the Fund will catalyse climate finance, both public and private, and at the international and national level; ENCOURAGES the Board to develop methods to enhance complementarity between the GCF and other relevant bilateral, regional and global funding mechanisms and institutions, to better mobilize the full range of financial and technical capacities and improve the overall effectiveness of international climate finance;
3. WELCOMES the further specification of the functions of the Standing Committee on Climate Finance in order to assist the Conference of the Parties in exercising its functions with respect to the financial mechanism of the Convention and in preparing a biennial overview of climate finance flows; INVITES the Committee to define an efficient and cost – effective work programme that avoids any overlap with other institutions;
4. REAFFIRMS the importance of continuing to provide support by developed countries beyond 2012 as set forth in the Durban decisions; WELCOMES the work programme on long-term finance to discuss under the UNFCCC the conclusions and recommendations by the UN Secretary General's High-level Advisory Group on Climate Change Financing (AGF) and by the international financial institutions in the context of the G20 in order to contribute to the on-going efforts to scale up the mobilization of climate change finance after 2012, to enable and support action on mitigation, REDD+ adaptation, technology development and transfer and capacity building; CONSIDERS that this work programme may provide useful input towards the identification of a path for scaling up climate funding from 2013 towards 2020 in the context of meaningful mitigation actions and transparency on implementation with a view to hold the increase in global average temperature below 2°C above preindustrial levels; despite significant domestic financial challenges and fiscal constraints the EU and its Member States REITERATES the importance of the EU and its Member States delivering on the fast start commitments in 2012 according to the overall pledge of fast start financing;

5. COMMITS during 2012 to continue to work together with other countries and relevant stakeholders, on potential pathways for long term finance, including analysing the options for the mobilization of resources from a wide variety of sources, including innovative sources, that may contribute to reaching the long term committed goal of mobilizing jointly US\$100 billion per year by 2020 by developed countries in the context of meaningful mitigation actions and transparency on implementation, and the monitoring and reporting of climate financing; In this context STRESSES the need for a fair burden sharing among developed countries in the provision of public finance while taking into account the need for fiscal consolidation in Member States;
6. REITERATES that the carbon pricing of global aviation and maritime transportation would generate the necessary price signal to efficiently achieve more emission reductions from these sectors and that carbon pricing of global aviation and maritime transportation have as well the potential to generate large financial flows; INVITES the Commission to prepare a reflection paper by June on carbon pricing of global aviation and maritime transportation taking into account the developments in IMO and ICAO and previous work by AGF and by the World bank and other international organizations for the G20; STRESSES the need of taking into account national budgetary rules and the principles and provisions of the UNFCCC in the use of potential revenue; URGES Parties to IMO and ICAO to further increase their efforts to make progress on market based mechanisms to address emissions from global aviation and maritime transportation;
7. WELCOMES the Durban decision on REDD+ financing, and INVITES the Commission to explore how to scale up results based financing for REDD+ over time including towards the committed goal of \$100 bn USD, inter alia with respect to catalysing the private sector investments in order to address the drivers of deforestation and how to further increase the effectiveness and efficiency of REDD+ financing."

Economic aspects of resource efficiency

The Council adopted the following conclusions:

"The Council of the European Union,

RECALLING:

- the Council conclusions on the Roadmap to a Resource-Efficient Europe of 19 December 2011;
 - the conclusions of the European Council of 24 June 2011,
 - the Council conclusions on a competitive European economy: "Industrial competitiveness in the light of resource efficiency" of 29 September 2011";
 - the conclusions of the European Council of 23 October 2011;
1. WELCOMES the Communication on the Roadmap to a Resource-Efficient Europe which is a key element of the resource-efficient flagship initiative under the Europe 2020 Strategy leading the EU into economic transformation towards a more sustainable and competitive economy, and contributing to world-wide efforts to ensure a transition towards a green economy.
 2. RECOGNIZES the proposed milestones of the Roadmap as a good basis for further discussion among Member States, the Commission and all key stakeholders with a view to the transition towards a sustainable and responsible resource-efficient economy and society in a progressive and cost-effective way, while having in mind that the purpose of the proposed indicative milestones is to point out the general directions for future actions and feed-in the discussions on potential targets¹.
 3. STRESSES that actions taken must be consistent with the need for economic stability and fiscal consolidation and be economically efficient and cost – effective, and URGES Member States and the Commission to prioritise actions with the most positive impact on Europe's competitiveness, sustainable economic growth and job creation in line with the overall objectives of the Europe 2020 Strategy. As part of a long term strategy, indicative intermediate milestones for 2020 may be considered after broad consultation of relevant stakeholders.

¹ [14632/11](#) of 23 September 2011.

4. STRESSES that environmental taxes, revenues from market-based instruments and removal of environmentally harmful subsidies may contribute to a wider fiscal consolidation process, and in that context; CALLS for the rationalization and the phasing out of environmentally or economically harmful subsidies including fossil fuels. Member States may wish to take in to account the impact of such measures on the most vulnerable groups in society through appropriate social policy instruments;
5. CONSIDERS that the identification of best practices at Member State level and national programmes could play an important role in identifying the most efficient and effective tools for improving resource efficiency.
6. UNDERLINES that market-based instruments, such as emission trading systems, are important when implementing green growth strategies, complemented by regulatory instruments, information tools and non-market instruments as appropriate and, STRESSES the importance of flexibility in order to take into account country specific circumstances.
7. STRESSES that, EU-level action, complementing action by Member States, should be based on clear justification and evidence of value added and, taking into account the national peculiarities, be consistent with full respect of the subsidiarity and proportionality principles and the Commission Communication on Smart Regulation in the EU.
8. HIGHLIGHTS that decisions in relation to taxation legislation at EU level shall be taken by unanimous decision of the Council.
9. LOOKS FORWARD to the Impact Assessments of the actions proposed in the roadmap, taking into account a country specific approach as appropriate and the interaction with (existing) market – based instruments that are already in place. CALLS upon the Commission to further mainstream resource efficiency consideration in the impact assessment of all relevant policy proposals; UNDERLINES the importance to consider effects on the whole economy when analyzing the actions proposed in the roadmap."