
**Common Objectives and Priorities for ECOFIN during the
German, Portuguese and Slovenian EU Presidencies in 2007/2008**

19 January 2007

Germany, Portugal and Slovenia will team up for consecutive half-year EU presidencies from January 2007 to June 2008, under the guidance of an 18-Month-Presidency-Programme.

From this platform, our countries shall work to advance the issues which contribute to growth and employment within the European Union. To this end, we shall seek close coordination between our work plans for the Council (ECOFIN).

This paper sets out the approach underpinning our goals by presenting our **Common Objectives and Priorities during the 18-month period of our Council (ECOFIN) presidencies**.

To secure the smooth coordination of fiscal and economic policies in an enlarged European Union, and to foster economic growth and reap the benefits of the Internal Market against the background of globalisation and demographic change, our presidencies will pursue the following **three key objectives** during our terms of stewardship of the Council (ECOFIN):

- To Ensure the Efficient and Effective Management of Economic Policy.
- To Take further Steps towards Completing the Internal European Market, in particular with respect to Financial Services and Taxation.
- To Improve the Quality of Public Finances in the EU.

In order to achieve the referred strategic objectives the priorities of our Presidencies are the following:

To Ensure the Efficient and Effective Management of Economic Policy

Multilateral Surveillance

Sleek and well-mapped-out Council (ECOFIN) multilateral surveillance processes are essential for efficient fiscal and economic policy coordination among the Member States. For this reason, our presidencies will seek to **streamline both budgetary surveillance and the assessment of stability and convergence programmes**. Together with effective Broad Economic Policy Guidelines, including country-specific recommendations, these policy instruments must be aimed at promoting stable economic development in all Member States and at achieving a high degree of coherence, particularly in Member States of the Euro area.

Stability and Growth Pact

Our presidencies will also ensure that the Stability and Growth Pact continues to be applied in an economically sound manner, both in regard to the excessive deficit procedures and in the area of deficit prevention, with an **increased focus on the long-term sustainability of the Member States' public finances**.

Enlargement of the Euro area

It may be that some Member States could apply for membership of the **European Exchange Rate Mechanism II**, while others could fulfil the requirements for the **adoption of the euro**. Our presidencies will **ensure a thorough appraisal by the Council (ECOFIN)** of any such cases and in particular of any convergence reports by the European Commission and the European Central Bank on the basis of the criteria set out in the European Community Treaty, including those relating to stable macroeconomic developments and to a high degree of sustainable convergence.

Globalisation presents both challenges and opportunities to the Member States of the European Union. Given its standing as the

Globalisation

world's largest market economy and in view of its high share of world trade, the European Union is in a position to assume a **leading role on the international stage** and to set and secure standards of fair competition in open global markets. In this context, the Council (Ecofin) should play an active role in the preparation of the dialogue with the global partners regarding economic, financial and regulatory issues.

In order to bolster Internal Market's competitiveness and reap the benefits of globalisation, our presidencies will **explore further steps towards economic reform, education and innovation**. In doing so, we will help to make the European Union more economically robust and ensure our citizens are better prepared for the various challenges ahead.

Renewed Lisbon Strategy

Our presidencies will therefore actively pursue the Renewed Lisbon Strategy to foster employment and productivity in the European Union and consequently closely monitor progress in implementing National Reform Programmes. We shall **prepare the Council (ECOFIN) and the European Council to proficiently appraise and draw conclusions on the upcoming Implementation Reports of the National Reform Programmes as well as on the European Commission's Progress Report**. These reports will play a key role for updating the Broad Economic Policy Guidelines and for defining country-specific recommendations. In doing so, our presidencies will also **lay a solid foundation for the mid-term review of the Renewed Lisbon Process and the next three-year-cycle of Integrated Guidelines** starting in 2008.

European Growth Initiative

In addition, the pending mid-term **review of the European Growth Initiative** will provide a good opportunity to analyse the refocused role of the European Investment Bank in financing innovative small and medium-sized companies as well as financing research and development.

Better Regulation

Continuing the work of preceding presidencies, we will aim for further progress in Better Regulation in the European Union. Our presidencies will **seek in particular to lower the administrative burden for small and medium-sized companies and to improve the overall business environment**. To this end, we will promote the simplification of rules and regulations and screen legislation before its introduction with a view to avoiding potential obstacles. Our efforts in this regard will be directed both at the Member States as well as at the European Community as such.

To Take Further Steps towards Completing the Internal European Market, in particular with respect to Financial Services and Taxation

European Union's Internal Market

Our presidencies will take further steps towards **completing the European Union's Internal Market** to ensure that it functions smoothly on a level playing field. There would appear to be a need for a more pro-active approach in identifying and resolving obstacles which still remain.

Taxation and Fight against Tax Fraud

To this end, we propose to advance work on Taxation in the European Union in order to **increase transparency and simplicity, and reduce administrative and compliance costs**, thus improving the business environment in the Internal Market without putting tax revenues at risk.

We will make a particular effort to **step up the fight against tax fraud** in the European Union.

We will also promote the **modernisation and simplification of Value Added Taxes and Excise Duties common rules as well as of the Community Customs Code**.

Our presidencies will **continue as well the work on the Common Consolidated Corporate Tax Base**.

Another priority of our presidencies will be to make marked **progress in the European Union's strategy for an Integrated European Market for Financial Services**. Advancement here will facilitate cross-border activities, enhance the efficiency and

**Integrated
European Market
for Financial
Services**

competitiveness of the financial sector and, as a consequence, improve overall investment conditions in the European Union, while ensuring adequate consumer protection and financial stability. In this context, our presidencies will **pursue the work to further improve the financial stability framework and the efficiency of crisis-management arrangements.**

While implementing the Financial Services Action Plan in full, we will dedicate our attention to **deepening market integration in retail financial services** and to developing further the investment fund market in line with the European Commission's white paper.

**Lamfalussy
Framework**

We will also conduct the upcoming **review of the Lamfalussy framework** and continue the evolutionary approach towards further regulatory convergence of financial market supervision.

Solvency II

Based on a proposal to be tabled soon by the European Commission, our presidencies will seek agreement on the wide-ranging **review of the insurance directives (Solvency II)**, with the aim to bolster the financial health and stability of insurance companies and ultimately improve protection for the policy holders and beneficiaries in the European Union. With a particular view to facilitating financial transactions among Member States, our presidencies will step up efforts to **complete a single and efficient area for payments within the European Union.**

**European Union
Payment System**

To Improve the Quality of Public Finances in the EU

**Quality of Public
Finances**

Our presidencies want to **set the stage for a Qualitative Improvement of Public Finances.** Globalisation and demographic developments require Member States and the European Union as a whole to rethink how we spend public money and how we can best achieve long-term economic and fiscal sustainability. This way, we acknowledge the key importance of the quality of public finances in national and EU policy making as a contribution to growth and employment in line with the Lisbon strategy.

**Modernisation
of Public
Administrations**

Our presidencies will thus **encourage the debate on public expenditure**, with a view to enhance education, innovation and productivity. In so doing, we will seek to attain an exchange of information as well as to identify best practices, including measuring public expenditure efficiency. In this context, our presidencies will also **explore ways to further modernise public administrations** so as to foster solid economic performance, budgetary discipline and sound financial management in Member States and in the European Union as a whole.