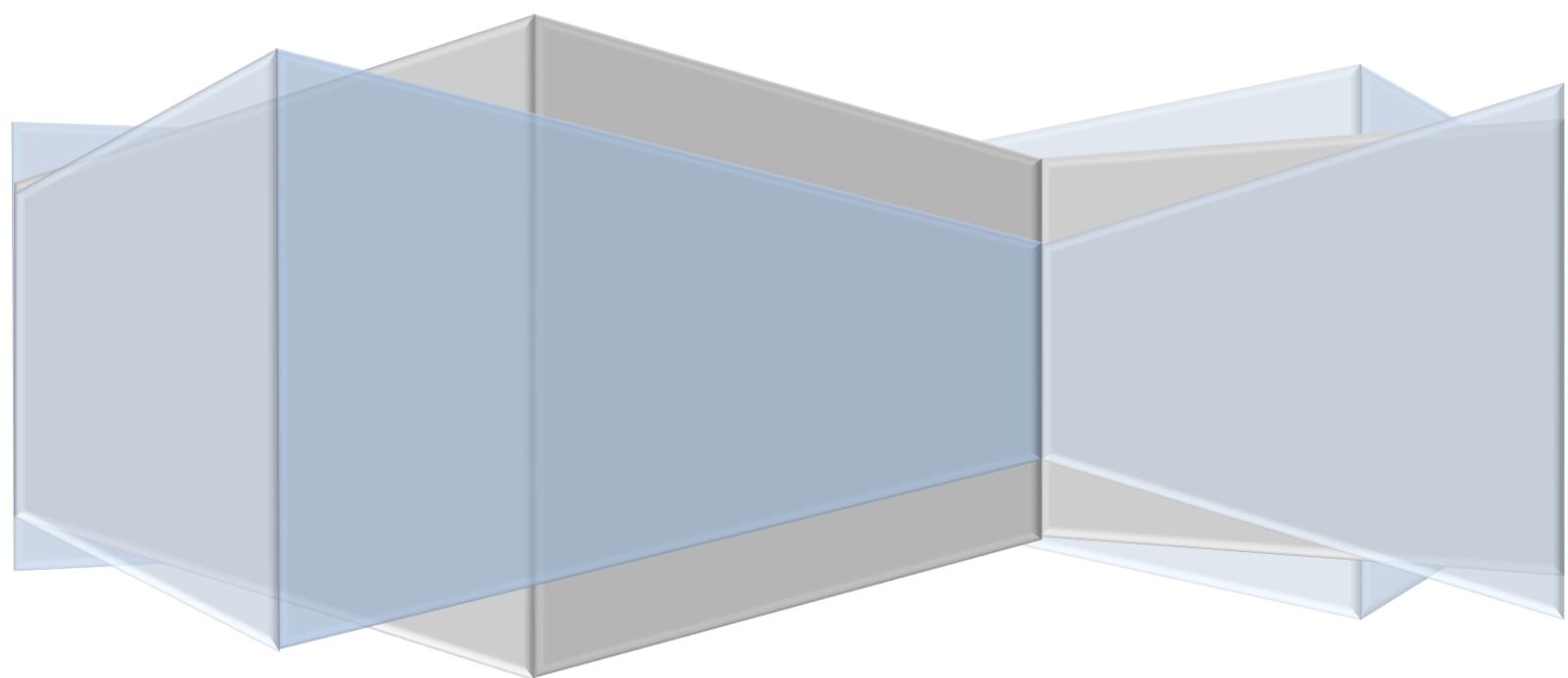


**Presentation of ECOFIN
priorities of the
Luxembourg EU
Presidency**



I am very honored to be able to present to your organization the priorities of the Luxembourg Presidency in ECOFIN topics this evening.

Please let me start the presentation by expressing our gratitude to the Italian and Latvian Presidencies for leaving us such solid foundations on which to build during our 6-months' mandate. The Luxembourg Presidency has vowed to ensure that ECOFIN continues to deliver the consensus we need to bolster a sustainable, job-creating, recovery. But we have many challenges to face.

Luxembourg takes over at a difficult and decisive time.

The EU's recovery is still too weak, too reliant on temporary factors (e.g. oil prices and exchange rates). Too many people cannot find work. Too many businesses cannot attract the investment they need to grow and remain competitive. Too many gaps still need to be plugged in our EMU. And too many questions remain open in the field of company taxation.

These challenges are Luxembourg's priorities.

Let me be more specific and start with **Economic Governance**. The European Semester process was brought to a close on July 6 when ECOFIN Council adopted the **Country Specific Recommendations (CSRs)**.

Council remains firmly committed to the three-pronged growth strategy shaping these recommendations. Maintaining financial stability and budgetary prudence; boosting growth through productive investments; and enhancing our global competitiveness through structural reforms. These remain the pillars on which Europe's recovery will be built.

So now that the EU has completed quite a robust and healthy CSR debate, the focus needs to return to implementation. Member States owe it to each other, and to themselves, to take account of these recommendations when developing budgetary policy, structural reforms, and employment and social policy. This is not only key to maximise our collective growth potential. It is necessary to reignite the convergence process central to the Economic and Monetary Union.

Looking to the future - the cycle of the next European Semester will be launched at the end of our Presidency. The Presidency and Luxembourg Finance Minister will personally ensure that the ECOFIN Council gives careful consideration to the **Annual Growth Survey and Alert Mechanism Report**, taking full account of the implementation of previous recommendations.

Inextricably linked to the European Semester is the ongoing discussion on **Flexibility in the Stability and Growth Pact (SGP)**. The Luxembourg Presidency will facilitate discussion to achieve a common position on SGP flexibility in the Council. Technical work is ongoing following the Commission's Communication on SGP flexibility. For the SGP to remain the anchor of the EU's fiscal policy, we cannot afford to have two sets of competing guidance. We hope that clarity can be achieved by the end of the year.

Meanwhile, we will continue to achieve the objective of boosting investment by following through on the **Investment Package** proposed by President Juncker. The Presidency is happy that an agreement could be found between the two sides of the legislature in June this year.

More broadly on Economic Governance, the ECOFIN Council gave careful consideration to the **Five Presidents' report on Genuine EMU** at the beginning of July. There was broad support for the report's two-staged approach. A number of steps are necessary to make EMU more resilient in the short term. And more radical measures can be considered in the longer run. Work will be undertaken to determine how to follow up on the report's recommendations. Our Objective must be to **better integrate the four pillars of the Banking Union, Fiscal Union, Economic Union and Political Union.**

Let's now turn to the **Financial Services's sector.** The **Capital Markets' Union is a key priority of this Presidency.** Council has welcomed the Commission's initiative and the gradual approach proposed. Conclusions were adopted to this effect at the June ECOFIN in Luxembourg. However let us be clear : this very ambitious project will not be built overnight. The long haul ahead makes it no less important.

Our financial sector is too fragmented, particularly since the crisis. This is stopping businesses in need of financing from making productive investments. And it is stopping those with money to invest to find good returns beyond national boundaries. We need to join up the dots. To diversify sources of funding for businesses to enable them to grow – and in doing so make our financial sector less vulnerable to systemic risk. Capital markets need to play their full role in channelling financing to the economy throughout the EU. That is why creating a CMU is so important.

We are now looking forward to the publication of **the Capital Markets' Union Action Plan** this autumn. The low hanging fruits identified by the Commission are a very good place to start.

There is a clear need for a sustainable high quality securitisation market in the EU. And reviewing of the **Prospectus regime** to make it easier for companies to raise capital can only be a good thing. The Luxembourg Presidency will aim to make rapid progress in both these areas as the Commission has come forward with its proposals.

Beyond CMU, the Luxembourg Presidency will furthermore aim to strengthen the regulation of financial services by advancing negotiations on the remaining legislative proposals, in particular the regulation of **Benchmarks and Insurance Mediation.** We are also looking forward to constructive negotiations with the European Parliament on **Bank Structural Reform (BSR),** following the unanimous adoption of the Council in June.

Now let me turn to **Taxation policy,** first among equals in the Presidency's list of priorities. And an area to which we will dedicate part of our informal ECOFIN . At a time when many EU countries grapple with hard budget constraints, achieving fair taxation within our Union is an absolute priority. In this spirit we will also reinvigorate the **fight against tax fraud.**

On transparency, a political agreement in the Council on the proposal on automatic exchange of information on tax rulings must be reached as soon as possible. We will do everything to reach an agreement on this important piece of legislation during our 6 months's term.

The **OECD initiative on Base Erosion and Profit Shifting (BEPS)** should continue to guide our work as we develop a coherent approach to the taxation of multinational companies across borders. Transparency and the establishment of a "level playing field" across the globe must remain our

ambition. OECD BEPS actions endorsed by the G20 are a key reference point. Yet, our internationalist approach should not impede momentum in the EU.

With this in mind, work on the international anti-BEPS aspects of the proposal for a directive on the **common consolidated tax base (CCCTB)** will be taken forward under our Presidency. We will also pursue discussion on the **Interest and Royalties Directive**.

Under the Luxembourg Presidency the ECOFIN Council will also give careful consideration to the **Commission's Action Plan on Corporate Taxation**. No one doubts that action is necessary. But we will remain mindful of the need to protect the integrity of the Single Market: the free movement of capital and the freedom of businesses to set themselves up where they see fit.

Where **indirect taxation** is concerned we will continue to seek ways to stamp out VAT fraud. And this Presidency will do everything it can to facilitate Council discussion to take forward enhanced cooperation on the **Financial Transaction Tax (FTT)** and ensure a transparent discussion involving all Member States.

Finally this Presidency is acutely aware of the importance of the upcoming **COP21** negotiations, to be held in Paris in December. As you know, the EU position for COP21 is established in ENVI and ECOFIN Councils, with the latter taking responsibility for the financial aspects. We owe it to the future generations to remain ambitious and mitigate the impacts of climate change. It is in this frame of mind that the Luxembourg Presidency will work toward the adoption of ECOFIN Council conclusions that reiterate a credible commitment of the EU for climate finance.

Thank you very much for your time.