



**MINISTRY OF FINANCE
REPUBLIC OF CYPRUS**

**Summary Note ¹
ECOFIN Council, 21 February 2012**

The **ECOFIN Council** meeting will take place on Tuesday, 21 February 2012 in Brussels. A meeting of the **Eurogroup**, as well as a dialogue on macroeconomic issues with the social partners, will take place on Monday 20 February.

1. Economic governance - Second package ("Two-pack")

The Council is expected to approve a general approach on two draft regulations on economic governance, namely:

- a regulation for enhanced monitoring and assessment of draft budgetary plans of euro area member states, especially those subject to an excessive deficit procedure;
- a regulation on enhanced surveillance of euro area member states that are experiencing severe financial disturbance or request financial assistance.

Agreement on a general approach will enable the presidency, on behalf of the Council, to start negotiations with the European Parliament.

2. Macroeconomic imbalances: Alert mechanism report

The Commission will present its so-called alert mechanism report, marking the first step in implementing new surveillance provisions for the prevention and correction of macroeconomic imbalances. The Council is expected to hold a first exchange of views on the report. On the basis of its economic assessment, the Commission recommends further in-depth analysis of the economic situation in Belgium, Bulgaria, Denmark, Spain, France, Italy, Cyprus, Hungary, Slovenia, Finland, Sweden and the United Kingdom.

According to the report, further in-depth analysis will help to assess the drivers of productivity, competitiveness and trade developments, as well as the implications of the accumulated level of indebtedness and the degree of related imbalances in the member states concerned. In addition to further examination of the individual countries mentioned above, the Commission also intends to undertake in the coming months a further assessment of the divergence in economic performance across member states.

¹ Information from <http://www.consilium.europa.eu/press/council-meetings.aspx?lang=en>

3. European Semester and Euro Plus Pact - Preparation of the European Council

The Council is expected to adopt conclusions providing policy guidance to the member states for tackling macroeconomic and fiscal challenges. The 23 member states participating in the Euro Plus Pact are also expected to adopt conclusions describing the links between the pact and the European Semester. The conclusions will be submitted to the European Council, with a view to its meeting on 1 and 2 March.

4. Preparation of G-20 ministerial meeting

The Council is expected to endorse EU terms of reference for a meeting of G-20 finance ministers and central bank governors that is due to take place in Mexico City on 25 and 26 February. The terms of reference, prepared by the Economic and Financial Committee, constitute a common position for EU representatives and those member states that participate in the G-20.

At the most recent G-20 meeting, in Mexico City on 19-20 January, deputy finance ministers discussed increasing IMF resources, implementing the G-20 framework for growth, financial regulation and commodities and energy markets.

5. EU general budget

Discharge for 2010

The Council is expected to adopt a recommendation to the European Parliament on the discharge to be given to the Commission for implementation of the EU's general budget for 2010. The recommendation has been prepared on the basis of the Court of Auditors' annual report.

Guidelines for 2013

The Council is due to adopt conclusions setting its priorities for the EU's general budget for 2013. The conclusions will be used by the presidency as the basis for negotiations with the European Parliament and the Commission later this year on the 2013 budget.

The draft conclusions emphasise the need to take into account economic and budgetary constraints at national level and to maintain budgetary discipline at all levels. They call for a balance to be struck between austerity and necessary investments, in order to avoid hampering the respect of commitments already made and to avoid impeding efforts to overcome the economic crisis. This balance should be reached by the prioritisation of objectives and the allocation of resources to actions that best contribute to growth and employment in the EU.

6. Short selling and credit default swaps

The Council is expected to adopt, without discussion, a regulation aimed at harmonising rules for short selling and certain aspects of credit default swaps. The legislation will introduce common EU transparency requirements and powers that regulators may use in exceptional situations where there is a serious threat to financial stability.

7. Other items

The Council is expected to adopt, without discussion, conclusions on:

- the follow-up to the UN conference on climate change held in Durban, South Africa, in November and December;
- economic aspects of resource efficiency.

*Ministry of Finance
20 February 2012*

Please note that information on ECOFIN Council meetings' results can be found at the following link:

<http://www.consilium.europa.eu/App/newsroom/loadbook.aspx?BID=93&LANG=1&cmsid=350>