



**MINISTRY OF FINANCE
REPUBLIC OF CYPRUS**

**Summary Note ¹
ECOFIN Council, 08 November 2011**

The **ECOFIN Council** meeting will take place on 8 November 2011 in Brussels, following a Ministerial meeting with the EFTA countries (Iceland, Liechtenstein, Norway and Switzerland). The Euro Group will meet on Monday afternoon. Cyprus will be represented by Minister of Finance Mr. Kikis Kazamias.

1. Follow-up to October meetings

The Council will discuss the follow-up to decisions taken by the European Council on 23 October and at an informal meeting of EU heads of state and government on 26 October in the context of the debt crisis. The discussion will focus on implementation of measures to strengthen the banking industry. The Commission will brief the Council about ongoing work on longer term funding of the banking sector.

2. Follow-up to the G-20 summit

The Council will take stock of the follow-up to be given to the G-20 summit held in Cannes on 3-4 November. The G-20 summit covered:

- coordination of economic policies;
- the G-20 framework for growth;
- reform of financial regulation;
- reform of the international monetary system;
- commodity price volatility;
- other issues, such as food security, global governance, development cooperation, trade, corruption, employment and energy.

3. Economic Governance - *Macroeconomic imbalances*

The Council is expected to adopt conclusions on the design of the so-called "scoreboard" of economic indicators that will be used to detect macroeconomic imbalances in the member states as part of the EU's new arrangements on economic governance. The design of the scoreboard will be set out in a communication that the Commission intends to issue shortly for endorsement by the Council, so as enable the governance arrangements to be implemented immediately.

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

With regards the design of the scoreboard, the Commission suggests ten indicators:

- current account balance;
- net international investment position;
- export market shares;
- nominal unit labour costs;
- real effective exchange rates;
- evolution of unemployment;
- private sector debt;
- private sector credit flow;
- house prices;
- general government sector debt.

4. Climate change

The Council is due to adopt conclusions on international measures to combat climate change, in the run-up to a UN conference that is scheduled to take place in Durban, South Africa, from 28 November to 9 December. The draft conclusions focus on the financial aspects of the conference preparations, endorsing a report on finance provided this year by the EU and its member states as part of their so-called "fast start" commitments for climate mitigation and adaptation measures in developing countries for the 2010-12 period.

5. Financial transaction tax

The Commission will present a proposal for a directive aimed at introducing a financial transaction tax in the EU. The proposal sets out to establish a common system to avoid a fragmentation of the EU single market for financial services, given a number of such tax measures being put in place by the member states. In line with its proposal for a decision on the EU's system of own resources, the Commission proposes that the revenue generated by a financial transaction tax be used, either wholly or partially, to gradually displace member states' contributions to the EU budget, thus alleviating the burden on national treasuries. The Commission estimates that, depending on market reaction, yearly revenues could amount to €57 billion on the basis of its proposal.

6. Energy taxation

The Council will hold a preliminary debate on a proposal to restructure the taxation of energy products and electricity. The draft directive amends the existing energy taxation directive in order to align it more closely with EU policy objectives in the areas of energy and climate change. In particular, the Commission's proposal seeks to ensure consistent tax treatment of energy sources based on CO₂ emissions and energy content, adapt the framework for the taxation of renewable energies, and provide a framework for the use of CO₂ taxation to complement the EU Emission Trading Scheme while avoiding overlaps.

*Ministry of Finance
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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>