



5. december 2006
6. kontor, MIJ

Referat af rådsmødet (ECOFIN) den 28. november 2006

**Dagsordenspunkt: Proceduren for uforholdsmæssigt store underskud
vedr. Polen**

Rådet vedtog en rådsbeslutning under artikel 104.8, som fastslår, at Polens finanspolitiske tiltag for at bringe det offentlige budgetunderskud ned under 3 pct. af BNP har været utilstrækkelige.

**Dagsordenspunkt: Forberedelse af DER den 14.-15. december 2006:
Lissabon-strategien – Nationale Reformprogrammer
og Globalisering**

Rådet vedtog konklusioner (*jf. vedlagte bilag*) baseret på resultaterne af den første runde af landeeksaminationer på basis af landenes opdaterede nationale reformprogrammer. Det bemærkedes, at det overordnede billede af fremskridtene med Lissabon-strategien er positivt, samt at alle medlemslande anerkender behovet for reformer. Rådet understregede vigtigheden i, at den økonomisk gunstige situation udnyttes til at bygge videre på de allerede igangsatte reformer, samt at rette øget fokus imod reformer som forbedrer konkurrence og skaber bedre incitamenter på arbejdsmarkedet.

Rådet diskuterede desuden, med udgangspunkt i rapporten fra EPC's globaliseringsarbejdsgruppe, effekterne af globaliseringens øgede internationale arbejdskraftbevægelser og udenlandske direkte investeringer. Rådet vedtog konklusioner om disse, *jf. vedlagte bilag*.

Dagsordenspunkt: Statistik, reduktion af de statistiske byrder

På baggrund af Kommissionens meddelelse, vedtog rådet konklusioner som beskriver nødvendigheden af reduktioner i de administrative byrder forårsaget af statistiske indberetninger i EU, *jf. vedlagte bilag*.

Dagsordenspunkt: EIB's eksterne lånemandat 2007-2013

Rådet nåede til enighed om formandskabets kompromisudspil til en forlængelse af EIB's eksterne lånemandat for perioden 2007-13. Lånemandatet er på 27,8 mia.

euro, hvoraf 2 mia. euro kan allokeres i 2010 betinget af en positiv midtvejsevaluering.

De 25,8 mia. euro under hovedmandatet er fordelt med 8,7 mia. euro til førtiltrædelseslande, 12,4 mia. euro til EU's nabo- og partnerlande, 3,8 mia. euro til Asien og Latinamerika samt 900 mio. euro til Sydafrika.

Der var en kort drøftelse af kompromiset. Polen fremsatte en erklæring om, at projekter finansieret under EIB ikke må stride imod enkelte medlemslandes interesser vedr. bl.a. energiforsyningssikkerhed og miljøbeskyttelse.

Dagsordenspunkt: Facilitet for investeringer og partnerskab mellem EU og Middelhavsområdet (FEMIP)

Rådet vedtog rådskonklusioner (*jf. vedlagte bilag*) som dels evaluerer resultaterne af den forstærkede FEMIP, dels vurderer mulighederne for yderligere forbedringer. Generelt fandt Rådet resultaterne af den forstærkede FEMIP tilfredsstillende, særligt angående kanalisering af midler til udvikling af den private sektor og infrastruktur i Middelhavsområdet. Rådet fandt dog at der fortsat bør gennemføres forbedringer, især angående finansiering af investeringer i små og mellemstore virksomheder (SME'er). Rådet opfordrede ydermere partnerlandene til at forbedre investeringsklimaet i den private sektor, således at effektiviteten af FEMIP øges.

Rådet påpegede nødvendigheden af et større samspil mellem FEMIP og den europæiske naboskabspolitik (ENP). Dette kan opnås dels ved at integrere EIB's aktiviteter i EU's overordnede landestrategier, dels ved i højere grad at kombinere EIB's lån med midler fra EU's budget.

Dagsordenspunkt: Alkoholbeskatning

Formandskabet fremførte sit kompromisudspil til en ændring af minimumssatserne for punktafgifter på alkohol og alkoholiske drikkevarer, herunder forslaget om en automatisk inflationskorrektion.

Der var, bortset fra et enkelt land, bred opbakning til formandskabets forslag til forøgelse af minimumssatserne, men flere lande var skeptiske over for forslaget om en automatisk inflationskorrektion. Rådet opfordrede kommissionen til at udfærdige en analyse af alkoholbeskatning, herunder udviklingen i konkurrencesituationen og niveauet for alkoholpriser og -afgifter. Analysen skal også se på en mere smidig procedure for regelmæssige beslutninger der kan inflationskorrigerer af minimumssatsen. Resultatet af analysen forventes præsenteret i første halvår af 2007.

Dagsordenspunkt: Rejsegodsdirektivet

Rådet opnåede politisk enighed om formandskabets kompromisudspil som forventes endelig vedtaget ved et kommende rådsmøde. Aftalen indebærer at grænserne for tilladt indførsel af varer fra tredjelande til EU øges og differentieres på rejseform, således at grænsen ændres fra de nuværende 175 euro til 430 euro for luft- og søtransport og til 300 euro for landtransport.

Bla. Danmark argumenterede under forhandlingerne for, at der ikke burde differentieres imellem luft- eller søtransport, hvilket i det endelige kompromis blev imødeset ved at søtransport inkluderes i grænsen på 430 euro.

Dagsordenspunkt: Momspakken

Rådet opnåede enighed om en forlængelse af e-handelsordningen med tredjelande fra januar 2007 til udgangen af 2008. Derudover nåede Rådet til enighed om at der arbejdes videre med momspakken med det mål at opnå en aftale i juni 2007, i hvilken der også tages højde for aspekter vedr. bekæmpelse af skattesvig.

Dagsordenspunkt: UK's foranstaltning til bekæmpelse af momssvig for visse elektroniske varer

Punktet blev taget af dagsordenen.

Dagsordenspunkt: Bekæmpelse af skattesvig

Rådet vedtog konklusioner (*jf. vedlagte bilag*), som lægger vægt på vigtigheden i at bekæmpe skattesvig og som anerkender behovet for en fælles anti-svig strategi som kan komplementere de nationale bestræbelser på dette område. Rådet opfordrede således Kommissionen til inden juni 2007 at forberede en sådan strategi med vægten lagt på en styrkelse af medlemslandes sanktionsmuligheder over for svindlere, bedre beskyttelse af medlemslandenes momsindtægter samt bedre og hurtigere informationsdeling medlemslandene imellem.

Rådet drøftede ligeledes mulighederne for en generel ændring af momsreglerne, herunder muligheden for generel omvendt betalingspligt. Rådet forventes at vende tilbage til sagen i forbindelse med rådsmødet i juni 2007.

Dagsordenspunkt: Adfærdskodeks for erhvervsbeskatning

Rådet fik præsenteret rapporten fra adfærdskodeksgruppen og vedtog konklusioner (*jf. vedlagte bilag*) i hvilke Rådet anbefaler gruppen at fortsætte sit arbejde og til at rapportere igen i løbet af det kommende tyske formandskab.

Dagsordenspunkt: Fælles konsolideret selskabsskattebase i EU (CCCTB)

Kommissær Kovács gav Rådet en status for arbejdsgruppens arbejde om en mulig fælles konsolideret selskabsskattebase i EU. Efterfølgende var der en kort udveksling af synspunkter.

Dagsordenspunkt: Betalingsdirektivet

Rådet fik fremlagt en statusrapport for arbejdet på et betalingsdirektivforslag, hvorefter der var en udveksling af synspunkter. Rådet bemærkede sig de foreløbige fremskridt og opfordrede det kommende formandskab til at arbejde videre med direktivforslaget.

Dagsordenspunkt: Clearing og afvikling, Code of conduct

Rådet fik en briefing af Kommissær McCreevy om færdiggørelsen af det et adfærdskodeks for clearing og afvikling af grænseoverskridende handler med værdipapirer og vedtog efterfølgende konklusioner om dette, *jf. vedlagte bilag*.

Diverse:

I forbindelse med mødet afrapporterede formanden for eurogruppen for dens møde den 27. november 2006. Man havde bl.a. drøftet den økonomiske situation og procedurene for gennemgang af eurolandenes finanspolitik.

Under frokosten blev ministrene briefet af den belgiske finansminister om undersøgelsen af de amerikanske myndigheders påståede overvågning af banktransaktioner der udføres af Swift-systemet.

Bilag:

Rådskonklusioner om Lissabon-strategien, Nationale Reformprogrammer

"The Council discussed the implementation of the Member States' National Reform Programmes (NRPs) for the period 2005-2008. It endorsed the report prepared by the Economic Policy Committee which covers four major areas of reform: innovation; labour markets; energy; and better regulation. The Council noted that:

- The overall picture on progress being made towards the Lisbon objectives is encouraging. All Member States acknowledge the necessity to reform. Many actions are being taken, and first results are already starting to show, but there is more work to be done. All Member States are making progress with the implementation of their NRPs although the performance varies between Member States. Europe should make good use of the current relatively favourable economic outlook to build upon the reforms already underway and turn to the areas where progress remains limited, such as fostering competition, improving incentives in benefit systems and extending working lives which is an important element to promoting fiscal sustainability.
- The development of innovation policies is a key element in all NRPs. There is broad recognition among Member States that the right framework conditions including competition; legal and technical infrastructure especially a well-balanced and user-friendly system for the protection of intellectual property rights; access to capital especially for SMEs; increased co-operation between companies, research institutes and universities; well functioning labour markets; and a skilled workforce are necessary conditions for successful innovation performance. More should be done to create fully competitive markets as this is an important incentive for companies to innovate. In view of the EU-wide target, more should be done to foster private R&D expenditure. Particular attention should also be given to supporting innovation in the services sector and creating an innovation friendly environment for companies. Furthermore, Member States should strive to maximise returns on innovation inputs by enhancing the quality of their policy measures, especially the effectiveness of public research expenditure.
- Increasing employment in Europe remains a top priority. Bringing the overall employment rate of the EU closer towards 70% will require significant additional efforts by many Member States. In a number of countries, tax systems have been made more conducive to employment. However, additional steps will be required to improve incentives in tax and benefit systems and increase the adaptability of the labour market. Increasing effectiveness of activation measures and training programmes is also important in this area. Member States have put much effort into increasing the participation of older workers, but more progress is need-

ed for the EU to reach the employment rate target for older workers of 50%. Even fulfilling this target will not be enough to respond to the challenge of ageing populations. Therefore, more should be done to extend working lives and discourage early withdrawal from the labour force or contain pension cost increases. Further attention should also be given to raising employment for female and young workers.

- The EU is far from having a well-functioning and fully integrated internal market in electricity and gas. Full implementation of agreed directives would be a first step towards an efficient energy market in the EU. The working of the energy markets would be further enhanced by increasing the degree of interconnectivity, full implementation of the provisions for unbundling and third party access, increased transparency in the markets and greater co-operation between national regulators. Member States have taken or plan many measures to promote energy efficiency and the use of renewables and should continue to address incentives and financial barriers to investment in technologies and infrastructure that promote energy efficiency. The design of the Emission Trading Scheme, including a more rational allocation of permits and the participation of other relevant emitting countries, is a key issue and it needs to be improved for the post 2012 period in the review taking place in 2007.
- Much progress is being made on better regulation, especially in the area of measuring and reducing the unnecessary administrative burden. This momentum should be maintained. National strategies for regulatory reform should be developed further. Member States should follow the experiences of ‘first mover countries’ by undertaking concrete actions to reduce undue administrative burdens in particular to businesses. Follow-up needs to be given to intensifying efforts with respect to the thorough use of regulatory impact assessments and the simplification of existing regulation. EU-level action to support Member States efforts is also needed.

The Council felt that the thematic approach chosen in the review was useful for sketching an early picture of progress and identify best practices and challenges. The Council invites the Commission to take account of this work in its Annual Progress Report. It looks forward to the results of the second round of multilateral surveillance in the context of the update of the Broad Economic Policy Guidelines which will have a clear focus on country-specific recommendations early next year. The Council stresses the importance of continued structured reforms for a smoother functioning of EMU and reaping fully the benefits of the single currency.

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In this context, the Council confirms that benchmarking national performance, accompanied by qualitative assessment, can help Member States to implement reform by facilitating the exchange of best practice. Following the mandate to

review the indicators used to monitor progress with the Lisbon agenda, the Council considers that, at the current juncture, the shortlist of 14 headline indicators should remain as it is.

The work carried out by the EPC to develop further the use of structural indicators and their use in surveillance is useful in this respect, and Eurostat and EPC are invited to improve the database in 2007. Indicators should be developed for example in the field of integration. The structural indicators should remain part of the methodology for assessing progress with the implementation of the Lisbon strategy. The lack of reliability and transparency of the indicators, time lags in the availability of data and the diversity of countries, should be taken into account".

Rådskonklusioner om globalisering

"The Council discussed policies toward international flows of labour, and foreign investment capital, which are elements of future sources of economic growth in the context of globalisation.

The Council noted that competition for international investment and for internationally mobile skilled workers is intensifying. Skilled internationally mobile workers, and foreign direct investment spur increased productivity through transfers of innovation, research and the development of a knowledge based society in Europe. Europe's attractiveness for international factor flows is strongly dependent on appropriate framework conditions and could be enhanced by a number of targeted policies.

The Council welcomed the report by the Economic Policy Committee, and noted that:

On Foreign Direct Investment (FDI):

- FDI has become an important driver of economic globalisation and the spill-over of knowledge. At present, the EU is the biggest recipient in the world for FDI. However, the share of emerging markets in total FDI will continue to increase while the composition of trade and FDI will see emerging markets attracting a higher share of FDI in high value added manufacture, services, and R&D as their skill levels will continue to catch up with EU levels. While this development is favourable for global growth, to take advantage of all these opportunities, Europe needs to remain at the cutting edge of innovation. It is also important to improve the ability of Member States to benefit from knowledge-spill-overs from FDI.
- Framework conditions play an important role in shaping the flows of FDI. The diversity, rigidity and complexity of product and labour market regulations directly impact on the capacity of the EU to benefit from the opportunities of globalisation. The Council in this respect confirms its commitment to enforcing the Internal Market with respect to reducing remaining barriers within the EU to inward investments. Completion of the Internal Market in financial services is especially crucial.
- The EU should have an attractive investment climate to attract inward FDI. The use of financial incentives to attract FDI has considerably expanded which, combined with the higher mobility of FDI, gives rise to some concerns, as positive effects in one country may well be achieved at the cost of other countries. Member States should strengthen the impact assessment of incentive schemes designed to attract and retain internationally-mobile production factors. The Community should step up its efforts to reduce distorting subsidies within the EU and with its main partners.

- In order to underpin outward FDI, a stable and attractive investment climate with legal and regulatory certainty, including investment protection rules and intellectual property rights in partner countries, is a priority. It is urgent to achieve a successful settlement of the Doha round, with an ambitious and comprehensive multilateral trade agreement reducing barriers to trade and distorting subsidies. In parallel, and building on the platform of the WTO, there is a need for complementary mechanisms that allow us to continue to achieve additional improvements in market access and business environment.

On Migration:

- Policies on labour mobility through migration deserve increased attention from the perspective of receiving and source countries. Migration can contribute to meeting the changing needs of the labour market at different skill levels, which in turn helps to increase dynamic efficiency in the host countries.
- All Member States have in place a wide variety of policies to manage migration. Whilst being fully aware of the policy challenges involved in migration policies, the Council underlines that the economic aspects of migration policy should be fully taken into account in particular as regards policies to attract skilled workers and to address skills gaps and mismatches, to enable Europe to remain at the leading edge of innovation and R&D developments.
- In terms of migration within the EU, concrete measures should be considered and implemented for facilitating movement of workers. Proposals on portability of pensions and mutual recognition of qualifications are currently being considered. Lower barriers to labour mobility within the euro area support the smooth functioning of the EMU.
- In addition, policies should aim at equipping workers to realise their potential and benefit from the opportunities of globalisation. The Council underlined the role that social bridges can play in this respect.

The Council invited the Commission to take stock of the multiple sets of national product market regulations that contribute to hindering inward investment in the European market, and the Community-wide impact of national investment incentive schemes; and to analyse closely the economic determinants of migration, including high skilled migration, into Europe. The Commission is invited to report to the Council in the second half of 2007".

Rådskonklusioner om reduktion af de statistiske byrder

"After having reviewed the Commission Communication on the Reduction of the Response Burden, Simplification and Priority-Setting in the Field of Community Statistics; and progress made to date, the Council stresses that while high-quality statistics are crucial for policy-making in Europe, enhanced efforts are needed to reduce the administrative burden caused by statistics in the EU. In particular, the Council:

- NOTES that while the statistical burden accounts for relatively small part of the total administrative burden, the overall statistical burden has continued to increase despite the initiatives launched in recent years in reviewing statistical priorities and reducing statistical requirements for areas which are now considered to be of lesser importance;
- RECALLS the Council conclusions of 8 November 2005 which required putting reprioritisation into practice and recommended incorporating it into the forthcoming multi-annual statistical programme for 2008-2012 and into the 2007 annual work programme; the request by the Council in June 2006 to analyse ways to reduce the burden imposed by the Intrastat regulation in particular to the Small and Medium-sized Enterprises (SMEs); and the 10 October 2006 Council conclusions which called for the Commission and Member States to immediately identify pieces of EU legislation and take prompt action to reduce burdens;
- WELCOMES the strategic approach and work plan set out in the Commission Communication which combines concrete actions to simplify statistical requirements in specific areas, proposals for the application of various tools to reduce the respondent burden by changing the way certain statistics are produced, a wider use of modern information and communication technologies and a proposal for a systematic priority setting for major statistical projects and in the multi-annual statistical programme 2008-2012. All these elements together are key factors in re-balancing priorities while at the same time ensuring that European policies are underpinned by high-quality statistics. To ensure progress, the Commission is CALLED UPON to implement the various measures and to report on further progress by October 2007, including an indication on the change in overall burden. The Council also WELCOMES the Commission's commitment to involve the national statistical institutes (NSIs) more closely in the content of the Commission's statistical programmes;
- STRESSES that ambitious actions are needed, in line with the Commission strategy, for the substantial reduction in the administrative burden due to statistical reporting requirements; and in this context WELCOMES the commitment by the Commission to carry out a cost-benefit analysis for the introduction of all new statistical requirements that are

likely to impose a significant statistical burden on data providers as well as the planned systematic assessment of the cost-effectiveness of all fields covered by the next multi-annual statistical programme (2008-2012) that involve primary data collection, before the end of the programme;

- ACKNOWLEDGES that, within the context of the objective of an overall reduction in the administrative burden and the commitment to obtain full access to all required existing data and to use these data to the maximum extent possible, the statistical priorities formulated and monitored in the EFC 2006 Status Report may call for new or enhanced statistical surveys; and that the compilation of statistics that are of vital importance for European policy-making will continue to require that SMEs are also obliged to meet some statistical reporting requirements; and
- FULLY SUPPORTS the Commission's ambitious goals on the simplification of Intrastat, which will be a key factor in reaching the overall reduction in the statistical reporting burden; and in particular WELCOMES the twin-track approach, in which a further substantial progress on traditional simplification would be complemented by a switch to single-flow reporting in the medium-term. In this context, the Council STRESSES that a transition to a single-flow system, or the implementation of any other method that leads to a significant reduction in the statistical response burden, must not affect the availability, timeliness and quality of those national statistics that are crucial for European economic policy purposes, such as national accounts and the data on aggregate flows between the euro area and other EU Member States. It should also be accompanied with the necessary measures to ensure confidentiality when exchanging micro-data among the producers of official statistics in Europe. To this end, the Commission is INVITED to analyse the feasibility of a single flow method and alternative methods which would deliver broadly the same results, as well as the transition issues and, taking this analysis into account, to present a precise roadmap for further progress to the Council in October 2007 with appropriate timetables. In parallel to this analysis, concrete progress in the short-term should be made on traditional simplification; and the Commission, together with Member States, should make progress in overcoming the current challenges related to Intrastat, in particular the issue of asymmetries".

Rådskonklusioner om Facilitet for investeringer og partnerskab mellem EU og Middelhavsområdet (FEMIP)

"Following the invitation by the European Council in December 2003, the Ecofin Council has assessed the performance of the reinforced Facility for Euro-Mediterranean Investment and Partnership (FEMIP) and its possible evolution taking into account partner countries' views. The results achieved by the reinforced FEMIP were evaluated positively, since it has proved to be instrumental in channelling funding to the Mediterranean region through lending to private companies and infrastructure investment aiming at enhancing the business environment.

However, Member States also noted that the effectiveness of FEMIP could be enhanced further, in particular with respect to supporting the private sector, especially SMEs, which has not yet stabilised at the 50%-target of FEMIP activities. At the same time, Member States agree that the effectiveness of FEMIP also depends on the business environment in Partner countries becoming more conducive to private sector development and on regulatory obstacles in partner countries being removed.

Against this background and the results of the consultations with the Partner countries, the Council agrees that, at the current juncture, the best way forward to enhance partnership with Mediterranean partners is to develop this instrument further with the following priorities:

- improving the linkages of FEMIP with the European Neighbourhood Policy (ENP) including by a better integration of the EIB's activities into the EU country strategies and by better combining EIB loans and EU budgetary resources. To this effect, adequate resources should be provided by the Community budget;
- developing further the FEMIP instruments in order to overcome the obstacles to more effective financing of the private sector, in particular SMEs. To this effect:
 - the allocation of risks between FEMIP, local financial intermediaries and local companies should be improved mainly by encouraging increased risk-taking by local intermediaries;
 - EIB risk-taking should be increased through a more active use of the Special FEMIP envelope;
 - incentives should be provided together with technical assistance to local intermediaries in order to make global loans more effective and accessible to SMEs;
 - the risk borne by SMEs should be alleviated through local currency guarantees and loans; and

- risk-capital resources and technical assistance could be used more often to enhance the quality of local SME projects and should continue to support activities with a higher risk profile;
- strengthening partnership and local interaction notably by creating an advisory committee, including representatives from Mediterranean countries, to strengthen ownership of partner countries.

In implementing these priorities, the EIB should continue to safeguard FEMIP's value added vis-à-vis the market and other IFIs.

Member States invite partner countries

- to facilitate private sector development and encourage structural reforms, in particular financial sector reform; and
- to commit to closer co-operation with the EIB, in particular ensure that the EIB can issue bonds in local markets.

The Council will continue to monitor the performance of FEMIP".

Rådskonklusioner om skattesvig

"The Council stresses the importance to take all necessary measures to combat tax fraud and most notably in the area of indirect taxation.

The Council recognizes the urgent need to establish an anti-fraud strategy at Community level that complements national efforts to combat tax fraud.

The Council invites the Commission to prepare the elements of such a strategy in close co-operation with the Member States and to give particular priority to the following aspects:

- the establishment of an action plan including a follow-up mechanism with the aim of ensuring a more efficient use of administrative co-operation;
- the exploration of ways to enable Member States to take more efficient measures against fraudsters and give as much priority to the protection of other Member States VAT revenue as for that of their own;
- the possibilities for quicker and more detailed exchange of information between Member States, including the study of legal and practical possibilities of access to data about taxpayers for tax administrations in other Member States; this shall also include the elaboration of legislative proposals, where necessary, to ensure Member States obtain the relevant information from businesses, accompanied by an assessment of the effects in terms of additional burden on businesses and administrations taking into account the possibilities offered by electronic technologies;
- the examination of potential legal changes to the current VAT system in view of enhancing the legal possibilities for combating fraud such as joint and several liability.

The Council requests the Commission to report to the Council on the progress made on these aspects and to present an outline of an anti-fraud strategy at EU level at its meeting in June 2007.

The Council has also examined possible legal changes to the VAT system, especially the possibilities to tax intra-community transactions or to use, on an optional basis, a general reverse charge system for dealing with the most costly forms of VAT fraud. So far this discussion has not been conclusive and has not allowed for an orientation to be agreed on.

The Council will continue its work in this respect with all these legislative measures in order to define orientations to the Commission at its meeting in June 2007 at the latest".

Rådskonklusioner om adfærdskodeks for erhvervsbeskatning

"The Council

- Welcomes the progress achieved by the Code of Conduct Group (Business Taxation) under the Finnish presidency as set out in its report (doc. 15472/06 FISC 145).
- Agrees to an extension of benefits for Maltese measures ML4 and ML5 beyond the end of 2006 as set out in paragraph 21 of the Code of Conduct Group's report (doc. 15472/06 FISC 145).

Asks the Group to continue monitoring standstill and the implementation of roll-back and to report to the Council before the end of the German presidency".

Rådskonklusioner om clearing og afvikling

"After having considered the European Code of Conduct for Clearing and Settlement signed by the Industry on 7 November 2006; and the Commission's plans to enhance the efficiency and soundness of post-trading infrastructures in the EU; and after having had an exchange of views on 10 October 2006, the Council:

- RECALLS that the clearing and settlement of securities transactions is a key area of financial integration in the EU where substantial progress needs to be achieved, in line with the Council conclusions of 25 November 2004 and 5 May 2006;
- TAKES NOTE of the Code of Conduct, WELCOMES the agreement reached by the Industry on the Code and CALLS FOR its swift implementation;
- RECOGNISES that the strategic approach by the Commission based on self-regulation is an attempt in trying to enhance competition and reduce costs for users of post-trading services; that the enforcement of the Code of Conduct needs to be closely monitored with a view to considering other measures, including regulatory actions, if progress is not satisfactory; that compliance with the competition rules must continue to be closely monitored; and that further steps by different parties will be necessary in parallel in order to enhance efficiency and soundness of post-trading infrastructures taking into account the evolution in the markets;
- INVITES the Commission to deepen its work in these key areas taking into account the Ecofin discussion on 10 October 2006 and review the state of progress as follows:
 1. by February 2007, report on the monitoring process of the implementation and functioning of the Code of Conduct;
 2. by June 2007, review issues related to the safety and soundness of securities clearing and settlement infrastructure providers in Europe – taking into account the work of the European System of Central Banks and the Committee of European Securities Regulators in this area; and review progress made in the removal of legal and fiscal obstacles in the context of the 'Giovannini barriers'; and
 3. by February 2008, present a full assessment on the overall situation and possible further policy action necessary so as to ensure progress in all key areas, taking also into account the implementation of the Code of Conduct and its impacts on the markets, including the possibility of extending the Code in the future;
- TAKES NOTE that the European Central Bank and National Central Banks in the Eurosystem are examining the feasibility of a TARGET2-

Securities service for settlement in central bank money of securities transaction in euro; EXPECTS to obtain further insight by January 2007 on how TARGET2-Securities might contribute to the evolution, soundness and efficiency of post-trading services of securities transactions within the EU and its Member States; and INVITES the Financial Services Committee (FSC) to examine issues related to TARGET2-Securities for discussion by the Ecofin Council, prior to a decision on whether to take the initiative forward which is foreseen in February 2007 by the ECB;

- INVITES the FSC by July 2007 to assess the state of progress in clearing and settlement including with the efforts to enhance the safety and soundness as well as with the removal of the ‘Giovannini barriers’ in the Member States; and by March 2008 to examine the overall situation and provide guidance on the need for further policy measures in the light of the Commission's examinations mentioned above; and
- INVITES the Economic and Financial Committee to prepare comprehensive strategic discussions on these issues, based on the above mentioned elements, for the Council in Autumn 2007 and Spring 2008".