



**Presentation of the priorities of the Bulgarian Presidency of the Council of the EU
in the area of Economic and Financial affairs**

before the Committee on Economic and Monetary Affairs (ECON) of the European parliament

Vladislav Goranov, Minister of Finance

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Dear Mr President,

Dear members of the Committee on Economic and Monetary Affairs,

Bulgaria has been part of the big European family for eleven years now and during the next six months we will take the responsibility as a Presidency of the Council of the European Union – the political centre of decision-making process. It is my high responsibility to present to you the priorities of the Bulgarian Presidency in the area of the Economic and Financial Affairs Council. Our meeting today is important in view of the established in the Treaties ambition towards a constructive dialogue and the improvement of the institutional interaction between the European Parliament and the Council of the European Union as co-legislators.

The European Union is in a period of stable economic growth, combined with improved labour market conditions and favourable financing conditions. On the other hand, we are witnessing serious challenges, which the Union faces. I believe that with responsible approach and also with moderate and constructive political ambition, we can overcome the challenges and ensure overall financial stability and achieve long-term economic growth, employment and income in the Union.

I want to assure you that during the Bulgarian Presidency we will continue the work on the deepening of the Economic and Monetary Union, through focusing our efforts on several major areas: the completion of the Banking Union, advancing the Capital Markets Union, unfolding debates on the EU fiscal framework concerning fiscal rules and the possibility to create

a fiscal capacity as we will exchange views on the future role of the European Stability Mechanism.

Our priority will be the strengthening of the Banking Union. We envisage deepening and broadening the roadmap and adding more precise steps for risk reduction and risk sharing. This will also facilitate the debate on the common backstop to the Banking Union, where the European Stability Mechanism could potentially play an enhanced role.

Another question, which is of a great importance for the institutions, as well as for the citizens, is the fiscal framework in the EU. We find it expedient for the Council to continue working on the simplification and implementation of the fiscal rules, as well as to start the discussions on the transposition of the Treaty on Stability, Coordination and Governance into EU law.

On the basis of the progress achieved in these main areas, the European Council in June will be invited to adopt a broader roadmap on the deepening of the Economic and Monetary Union.

We are convinced that the Commission's recent Economic and Monetary Union package is a valuable contribution, with several interesting ideas, in particular for the long-term.

Ladies and Gentlemen, the Bulgarian Presidency will strive to secure a smooth implementation of the 2018 Cycle for economic coordination—the European Semester. Yesterday the Council adopted conclusions on the Annual Growth Survey and on the Alert Mechanism Report, and approved the Recommendation for the Euro area. I would like to inform you that the Bulgarian Presidency plans to conduct a thematic debate between the finance ministers in March 2018, which will focus on the implementation of the recommendations for 2017 with a special focus on increasing labour productivity. The process will come to an end with the approval of the Council and the European Council in June of the package with country specific recommendations for 2018-2019 as it will encourage the implementation of the structural reforms and investments in the European Union.

When we discuss the future of Europe, the theme for the construction of the financial union in the framework of the completion of the Economic and Monetary Union in the EU is considered as one of the main priorities in the Five Presidents' Report, published in June 2015, as well as in one of the five reflection papers of the European Commission for the future of Europe until 2025, proposed in May 2017.

As I already mentioned, one of the current priorities of the European Union and of the Bulgarian Presidency as well is to further reduce the risks within the banking system. The legislative proposals put forward by the Commission in November 2016 are an important part of the Risk Reduction Measures. The Estonian Presidency has undoubtedly made significant progress on the banking files. However, there are some outstanding issues of political and technical nature that will require further efforts. The Bulgarian Presidency is committed to find as soon as possible a balanced compromise on those issues and we expect to be in a position to start discussions with the European Parliament. Progress on the dossier is essential as it is in the interest of all European citizens who use banking services.

The Bulgarian Presidency will work hard to achieve maximum progress on technical level on the legislative proposal for the European Deposit Insurance Scheme. In line with the Council Conclusions on the roadmap to complete the Banking Union of June 2016, political discussion on the design of the European Deposit Insurance Scheme should start once sufficient progress has been made on the risk reduction measures.

Currently only the Euro area Member States are part of all the elements of the banking union, but we have to have in mind that the door remains open for accession of the other EU Member States as well and that the stability of the banking sector within the Euro area has a direct impact across the European Union.

Last but not least, the Bulgarian Presidency will continue the work in terms of the Capital Markets Union, according to the updated medium-term plan with a view to increase the share and efficiency of market (non-bank) finance. We will proceed with the discussions upon the

legislative proposals on clearing obligations and derivative reporting, on the establishment of a framework for recovery and resolution of central counterparties and supervisory oversight, as well as on the updating of the requirements vis-a-vis third-country Central Counterparties.

Ladies and gentlemen, Bulgaria will continue the work on the legislative proposal for the establishment of a Pan-European pension product with a view to achieve maximum progress on the dossier and will start discussions on the review of the European System of Financial Supervision and on the proposal for introducing a new prudential regime for investment firms.

Regarding the achieved agreement on the Council's negotiating mandate in December 2017 on the first revision of the European Market Infrastructure Regulation, covering technical amendments to ease the clearing and reporting requirements and increase their efficiency, we are ready to start the negotiations with the European Parliament after the approval by the Parliament of the report with the amendments.

Another very important topic for the European citizens and the business is taxation. I would like to inform you that the priorities and the priority files in the area of taxation and the intensity of the work on the files are determined by taking account of the strategic and programme documents of the European Union, the legislative proposals and the working programme of the European Commission, the global context and the political priorities of our country as a Presidency of the EU. I will present to you our main priorities - promoting investment, ensuring sustainable economic growth and fair competition within the Single Market by fair and efficient taxation of corporate profits generated in the EU, and preventing aggressive tax planning and increasing tax transparency.

Achieving a Single European VAT Area with regard to cross-border trade in goods among the Member States and the use of effective tools for integrated VAT management, with enhanced administrative cooperation among Member States' tax administrations to curb VAT fraud, is the other main priority of the Presidency.

We will also continue the work on Common Corporate Tax Base on technical level trying to achieve as much progress as possible.

Taxation of digital economy is also a very important topic for us. I can assure you that following the drafting of the legislative proposal by the Commission in early 2018 we will try to achieve as much progress as possible.

During the Bulgarian Presidency we will aim to reach a General approach on the Administrative Cooperation Directive regarding automatic exchange of information in relation to reportable cross-border arrangements at March ECOFIN meeting in 2018.

Common EU list of non-cooperative jurisdictions for tax purposes is of high priority for the Presidency. We will work on all issues related to the common EU list, including defensive measures, de-listing process, new criteria in line with international standards.

Dear ladies and gentlemen, I presented to you the main priorities of the Bulgarian Presidency in the area of the economic and financial affairs. The key to their successful implementation is also the active and fruitful communication between the European Parliament and the Council. I am convinced that the role of the European Parliament in this process – in its capacity as the only institution of the European Union constituted by the vote of the European citizens is decisive.

Thank you for the attention!