

Opinion on the ancillary activity calculations

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Declaration by the High Representative on behalf of the EU on the situation in Nicaragua

Five months after the outbreak of social protests in Nicaragua, the situation in the country remains of serious concern to the European Union and its Member States. Basic principles of democracy, accountability and rule of law continue to be severely undermined by the repressive environment, which creates a climate of fear and mistrust. The national dialogue with the aim of reaching political solutions to these problems is now stalled due to lack of engagement by the authorities.

The lack of official cooperation with the international missions investigating human rights abuses prevents full accountability and justice to be served and encourages impunity. To this end and in line with previous statements, the European Union and its Member States urge the government of Nicaragua to allow the return of the Office of the United Nations High Commissioner for Human Rights (UNOHCHR) and enable it to continue its mission in the country as well as to provide the necessary support requested by the Follow-Up Mechanism on Nicaragua (MESENI) and the Interdisciplinary Group of Independent Experts (GIEI) to carry out their mandate.

We call on the government of Nicaragua to stop the disproportionate use of force against demonstrators, halt arrests based on laws which criminalise peaceful protest, free peaceful demonstrators and re-establish the full respect of due process for all detainees. We also call on the government of Nicaragua to act on the findings and recommendations by the Inter-American Commission of Human Rights (IACHR) and UNOHCHR, in particular to ensure full accountability for perpetrators of human rights abuses and the disarming and disbanding of armed groups.

The European Union and its Member States continue to support an inclusive dialogue on justice and democracy as the way out of the current crisis and reiterate their willingness to contribute to this process as a means to deliver on the legitimate democratic aspirations of the Nicaraguan people. To this end we renew our call on the government of Nicaragua to resume the national dialogue and we stand ready to further support this process.

Remarks by Vice-President Dombrovskis at the ECOFIN press conference

Thank you Hartwig.

First of all, I would like to congratulate the Austrian Presidency on a very productive ECOFIN meeting today. As the Minister said, we reached agreement on several files improving the functioning of the Value Added Tax (VAT) system in the European Union.

The Ministers today agreed on new rules to improve the day-to-day functioning of the current VAT system until the overall VAT reform strategy has been implemented. These so-called 'quick fixes' would reduce compliance costs and increase legal certainty for businesses. Once the European Parliament has published its report on this file, the new rules should be enforceable by 2020.

The Ministers also adopted a new measure to allow EU countries to align the VAT rates they set for e-publications. Today's decision will ensure an equal tax treatment of paper and digital products – which I think is an important signal we send for the development of the digital single market and, more broadly speaking, for a digital mind-set.

Ministers also formally adopted rules to exchange more information and boost cooperation on criminal VAT fraud between national tax authorities and law enforcement authorities. Without this information exchange, our fight against cross-border VAT fraud cannot be efficient.

And finally, ministers today formally adopted reinforced rules to control illicit cash flows in and out of the EU, an important measure to fight against the financing of terrorism. Today's formal adoption tightens cash controls on people entering or leaving the EU with €10,000 or more in cash. Authorities will be empowered to act on amounts lower than the declaration threshold of €10,000 where there are suspicions of criminal activity. Customs controls will also be extended to cash sent, for example, in postal parcels and to precious commodities such as gold. So we are now calling on the European Parliament to ratify these rules.

The measures adopted today follow the VAT Action Plan which we presented in April 2016 and the Commission's proposals for a deep reform of the VAT system presented in October 2017.

Our common goal should be for EU countries to agree on a much broader reform to cut down on VAT fraud in the EU system, as proposed last year by the Commission. So that we can seriously address problems with VAT collection and VAT fraud.

The cost of this fraud is estimated at around €150 billion in VAT revenues lost every year. So clearly there is still work that needs to be done.

And finally, today we presented our recent proposals aimed at making sure that anti-money laundering rules are enforced effectively across EU countries.

National supervisors will remain in charge. However, we propose to empower the European Banking Authority to ensure an effective information exchange among different supervisors and, if need be, request investigations into alleged breaches of the rules.

The European Banking Authority should, for example, be able to require national supervisors to investigate alleged breaches of individual banks and consider – as a last resort – taking decisions or sanctions. Europe needs to become better at detecting breaches and pinning them down early on.

And I would say that today's first discussion in ECOFIN showed that there is a broad support for his initiative, so I hope we will be able to make practical progress on this.

Thank you.

August 2018 compared with July 2018 – Industrial producer prices up by 0.3% in both – euro area and EU28

In August 2018, compared with July 2018, industrial producer prices rose by 0.3% in both the **euro area** (EA19) and the **EU28**, according to estimates from **Eurostat, the statistical office of the European Union**. In July 2018, prices increased by 0.7% in the **euro area** and by 0.5% in **EU28**.

[Full text available on EUROSTAT website](#)

Commissioner Moscovici's introductory remarks at the Eurogroup press conference

Merci Mario. Nous avons d'abord échangé aujourd'hui sur la question des stabilisateurs économiques et comment les rendre plus efficaces – c'est une question importante aussi dans le contexte de nos discussions sur le renforcement de la zone euro.

Ces mécanismes ont pour objectif de protéger nos citoyens et d'encourager le travail et l'investissement. Nos analyses montrent que nos systèmes fiscaux et de sécurité sociale absorbent un peu plus d'un tiers de la perte de revenus suite à un choc économique en Europe. C'est une bonne nouvelle. Ils sont donc des outils absolument indispensables pour notre union économique et monétaire.

J'ai passé trois messages à ce sujet :

D'abord, il est tout à fait possible d'améliorer l'efficacité des stabilisateurs économiques au niveau national sans augmenter la dépense totale, par exemple en reformant les systèmes nationaux d'assurance chômage ; la dépense publique n'est pas la seule ni même la meilleure manière pour créer de la justice et de l'efficacité.

Deuxièmement, il faut se préparer pour des périodes difficiles, quand il est nécessaire que les stabilisateurs puissent agir. Cela veut dire qu'il faut suffisamment d'espace budgétaire, ce qui implique le plein respect du Pacte de Stabilité et de Croissance et la construction de coussins budgétaires pendant les périodes comme aujourd'hui, où la croissance est forte.

Enfin, j'ai rappelé que les stabilisateurs automatiques peuvent parfois être dépassés par des chocs particulièrement extrêmes. C'est pour cette raison que je suis convaincu qu'une fonction de stabilisation budgétaire est essentielle pour la zone euro. Nous ne devons pas nous contenter des stabilisateurs nationaux, nous devons ajouter cet impératif des stabilisateurs proprement européens. C'est tout le sens de la proposition que la Commission a fait pour une fonction de stabilisation des investissements (une autre possibilité qui mérite d'être creusée est celle d'un fonds européen de stabilisation du chômage, une assurance contre le chômage, comme mentionné dans la déclaration franco-allemande de Meseberg). Tout ça, nous amène à la conception d'un budget de la zone euro dont je continue de penser qu'il est un instrument fondamental de résorption des inégalités et aussi de combattre contre les populistes qui se nourrissent de celles-ci.

Bref, cette discussion n'est pas abstraite, bien au contraire elle est absolument pertinente à nos débats en cours et à notre capacité de protéger les plus vulnérables dans des périodes de crise.

As regards our discussion at 27 this afternoon on the European Stability Mechanism, we had a good discussion on two issues:

1. The review of the ESM's toolkit of instruments, in particular precautionary instruments and possible new instruments;
2. And on the role of the ESM in crisis prevention and crisis management.

On the first point, the current discussions are an occasion to ensure that the ESM's toolkit, especially as regards its precautionary instruments and the criteria for activating them, appropriately reflect the specificities and the existing rules and procedures of the euro area.

On the second point, this is essentially about ensuring that an enhanced role of the ESM when it comes to the various aspects of programme preparation, design and implementation, remains fully in line with EU law and respects the competences given to each institution by the Treaties, in particular of course the competences of the Commission

In particular, there was unanimous support that the prerogatives of the Commission in economic and fiscal surveillance should be preserved and any duplication of structures and processes should be avoided. That's a point on which we agree with Klaus.

In short, we had a very constructive further exchange of views today and I'm quite sure that we will reach a common understanding on this by December. Klaus, Valdis and I, and our respective teams, will continue discussing in that spirit and with that goal in mind. I think we have already made very substantial progress. We agree on 80%. We still have to conclude the rest, but discussions are going in the right direction.