

# Media advisory – Informal video conference of European affairs ministers, 23 March 2021



## **Indicative programme**

Chair: Ms. Ana Paula Zacarias, Portuguese Secretary of State of European Affairs

### **10.00 Beginning of the video conference of European affairs ministers**

a) Videoconference of the Members of the European Council on 25-26 March 2021: Preparation

b) European Semester 2021

c) Conference on the Future of Europe

Other business

At the end of the videoconference (+/- 14.00) – press conference in [live streaming](#).

## **Arrangements for the press conferences**

Please note that there will be no physical press conference. In order to participate and ask questions, EU accredited journalists should register using [this link](#).

Those who already registered for previous press briefings or press conferences of informal video conferences of European affairs ministers do not need to do it again.

**Deadline for registration: Tuesday, 23 March 2021, 13.00**

Further instructions will be sent to all registered participants shortly after the deadline.

[Videos and photos from the event](#)

[Visit the meeting page](#)

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# Taxation: Council adopts new rules to strengthen administrative cooperation and include sales through digital platforms

The Council today adopted new rules to improve administrative cooperation in the field of taxation and address the challenges posed by the digital platform economy.

A large and growing number of individuals and businesses use digital platforms to sell goods or provide services. However, income earned through digital platforms is often unreported and tax is not paid, in particular when digital platforms operate across several countries. This causes member states to lose tax revenue and gives an unfair advantage to traders on digital platforms over traditional businesses.

The amendments to the directive on administrative cooperation in the field of taxation aim to address this issue. They create an obligation for digital platform operators to report the income earned by sellers on their platforms and for member states to automatically exchange this information.

The new rules cover digital platforms located both inside and outside the EU and will apply from 1 January 2023 onwards. They will allow national tax authorities to detect income earned through digital platforms and determine the relevant tax obligations. Compliance will also become easier for operators of digital platforms as reporting will only take place in one member state in accordance with a common EU framework.



This is an important update of the EU rules, which will help to ensure that sellers who are active on digital platforms also pay their fair share of tax. It is particularly welcome at a time when more and more sales are made online and the COVID-19 pandemic is putting pressure on public finances. By extending its automatic exchange of information rules to the digital platform economy, the EU is setting an example to the world.

*João Leão, Portugal's Minister for Finance*

Other amendments to the directive on administrative cooperation in the field of taxation improve the exchange of information and cooperation between member states' tax authorities. For instance, it will become easier to obtain information on groups of tax payers. There will also be improvements in the rules for carrying out simultaneous controls and for allowing officials to be

present in another member state during an enquiry.

In addition, the new rules provide a framework for the competent authorities of two or more member states to conduct joint audits. This framework will be operational in all member states from 2024 at the latest.

[Visit the meeting page](#)

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## [Ending tuberculosis is a race against time and drug resistance](#)



Regional TB mortality has gone down, declining by 9.4% between 2018 and 2019. This is notably higher than the average global decline in TB mortality (3.7%) and enough to have reached the End TB Strategy milestone of a 35% reduction by 2020 compared to 2015.

However, TB is second only to COVID-19 as an infectious disease that kills, and drug resistance is a major concern. There are also worrying indications that the COVID-19 pandemic may stall progress or cause significant setbacks in the fight against TB.

### **The uneven burden of TB**

In 2019, there were an estimated 20 000 TB deaths in the WHO European Region

– equivalent to 2.2 deaths per 100 000 people, and some 3560 TB deaths occurred in the European Union/European Economic Area (EU/EEA), equal to 0.7 deaths per 100 000. For 2019, in the European Region as a whole, there were some 216 000 new TB diagnoses, corresponding to 23.2 cases per 100 000. Twenty-nine countries in the EU/EEA reported a total of 47 504 TB cases, which equates to a rate of 9.2 cases per 100 000. Across the EU/EEA, most country-specific rates continue to decline; however, the EU/EEA as a whole is currently not on track to reach the goal of ending TB by 2030.

TB is far from being evenly distributed in the European Region. Around 83% of estimated cases occur in 18 countries, where incidence is five times higher than the EU/EEA average. Five of the 18 high priority countries are within the EU/EEA, and 13 are in eastern Europe and central Asia.

## **COVID-19's impact on TB**

The decrease in TB burden put the Region on course to reach the End TB Strategy milestone for 2020 and the regional action plan target for reduction of the TB incidence rate. However, there are grave concerns that the COVID-19 pandemic may jeopardise recent progress.

Negative impacts have already been observed in TB service delivery and notifications in high-burden countries, this is believed to indicate that fewer people have been tested, meaning that people with undiagnosed TB are not getting the treatment they need and run the risk of infecting others.

The findings of an ongoing assessment of the impact of COVID-19 on TB services and spread in the European Region, will be ready in Spring 2021.

## **Treatment outcomes remain suboptimal**

Despite universal access to quality-assured anti-TB drugs, treatment outcomes in the Region remain suboptimal. Only 77% of patients successfully completed treatment in 2019, well below the global rate of 85%. Treatment success in the EU/EEA was lower still, with only 64% of all TB cases notified in 2018 being reported as having completed their treatment successfully.

Strains of TB that do not respond to commonly used treatment regimens are known as either multidrug-resistant tuberculosis (MDR-TB) or extensively drug-resistant tuberculosis (XDR-TB). Just 59% of MDR-TB cases notified in the Region in 2017 were successfully treated, far short of the 75% target. As for XDR-TB cases in 2016, treatment success was only 43%.

Across the Region, treatment outcomes for MDR-TB remain suboptimal. Unsuccessful treatment is one of the factors that drives resistance, often due to lack of effective TB medicines in treatment regimens for drug-resistant TB, and low adherence to therapy.

Overall, in the Region, every third pulmonary TB patient has a drug-resistant form of the disease. Across the Region, a quarter of drug-resistant TB patients have XDR-TB, and 70% of the world's XDR-TB patients live in the European Region.

The percentage of newly notified TB patients tested using WHO-recommended rapid diagnostic tests increased from 45% in 2015 to 69% in 2019, but nonetheless remains below the global End TB Strategy target of 90%. Rapid diagnostic tests allow quicker diagnosis, resulting in minimisation of suffering, onward transmission and death.

People living with HIV are particularly susceptible to TB, and coinfection is common. In the European Region, only 52% of coinfecting patients complete TB treatment successfully, far below the global rate of 76%. This means that in the European Region there is a lower probability of people with a coinfection being successfully treated and making a full recovery.

## **TB at centre of health agendas**

**Stella Kyriakides, European Commissioner for Health and Food Safety** stated: "The decline of tuberculosis in recent years is positive news. But TB continues to be a threat to some regions in the EU and continues to affect the most vulnerable in our society. We know that there is still more work to do. Together with our agencies, the Commission is committed to playing its part to eliminate TB through, in part, funding, research and the fight against antimicrobial resistance. Prevention, early diagnosis and access to treatment and care will also play key roles in this regard".

**ECDC Director Dr Andrea Ammon** commented:

"In the EU/EEA, the overall TB notification rate continued to fall in 2019, highlighting some progress towards the United Nations Sustainable Development Goals (SDGs). However, despite this progress, the EU/EEA is not currently on track to reach the goal of ending the TB epidemic by 2030. Further to this, across all cohorts, treatment success in the EU/EEA remains well below the WHO targets. The wide-scale disruption to TB services due to the COVID-19 pandemic will make it even more difficult for Member States to reach the SDGs and treatment targets, but now is the time for countries to accelerate their progress towards eliminating TB".

"How COVID-19 has drawn attention and resources away from TB services is of huge concern. I have no doubt that we'll get COVID-19 under control. But the price of that can never be losing hard won progress with other health threats, like TB. Today, the risk of drug-resistant TB becoming even more resistant is real, and it's not a risk we want to take. People need to realise this and understand the urgency of the action required and also know that we already have new opportunities and tools. Working towards ending TB is a crucial part of WHO's European Programme of Work and, having treated TB patients myself as a doctor, it is something that's very close to my heart. Great progress has been made in recent years, but challenges remain nonetheless. I therefore applaud the huge efforts made by countries in our region to overcome TB, a terrible and yet curable disease that causes great suffering," said **Dr Hans Henri P. Kluge, WHO Regional Director for Europe**.

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## Opening address by the Eurogroup President, Paschal Donohoe, at the Dublin Economics Workshop on “Europe, Covid and the Euro”



Thank you to Ciarán for the kind introduction and to the Dublin Economics Workshop (DEW) for the invitation to speak today. I know I was originally pencilled in for February, so thanks for being so accommodating and it's a great way to start the week.

I know that the DEW traditionally was hosted in Kenmare, before moving around the country to the likes of Limerick, Galway and Wexford. Today of course, due to COVID, we are virtually based in Dublin.

These virtual events have become part of the new norm as a result of how we have had to adapt to COVID-19. It has transformed many of the ways in which we work and interact. However, I do miss the physical meetings. It can also be difficult to gauge the mood in the room for want of a better phrase, so I plan to keep my remarks relatively short.

But I look forward to addressing you all in person, in the not too distant future.

Today, I want to focus on the euro area and our response to COVID-19. I will do so more from my role as President of the Eurogroup rather than as Minister for Finance. One of the things I have done as Eurogroup President is to use these virtual forums as a means of reaching out more. Today's talk follows similar engagements that I have had with the LSE last month and the Hertie School last Friday.

I will try to outline my insights with you on Eurogroup, its role, my own priorities as President and our response to date to COVID-19. The latter brings me to the statement that we issued this day last week on budgetary policy. I will go into some detail on this work as it is likely to be of particular interest for this audience.

One of the tenets of my Presidency was built around a vision of an effective, inclusive and transparent Eurogroup. It is for these reasons that I place a particular emphasis on engagements like today. So I look forward to hearing your own views and your questions.

## Eurogroup – Role

So to begin, I was elected President of Eurogroup last July for a two and a half year term.

Eurogroup is an informal body of Euro Area Finance Ministers. Our main goal is achieving consensus on economic policy through a focus on political and strategic discussions. This is somewhat different to ECOFIN's more legislative role and the latter is also explicitly an EU27 body.

Our aim is to ensure the close coordination of economic policies across the Member States so as to promote stronger and more resilient growth.

Eurogroup meetings require considerable preparation to ensure they are centred around relevant political discussions that feature a high level of engagement from Ministers and other informed experts. The sharing of experiences and perspectives plays a key role in engaging Ministers and building up understanding and consensus. Again, the issues of communication and coordination are vital.

Every Eurogroup meeting is preceded by numerous calls to my ministerial colleagues and their teams. This is how we get our work done.

It is one of the means I use most to help understand the issues at play for each member state. This regular communication also allows us to build the pillars of rapport and understanding upon which all political agreements depend on.

From these calls and meetings, it has really stuck me how similar we all are in the battle against COVID-19. We are all facing similar sets of problems, such as the closure of hospitality sectors and trying to choose the best supports, such as job retention schemes. Often, the only difference is timing.

As President, I also engage actively with the EU institutions. This includes the ECB, the Commission, the ESM and the Council. We also have regular 'inter-institutional actor meetings', a mouthful, I appreciate, but in simple terms that involves the Presidents of the Council, Commission, ECB and myself. All of these feed into how we operate.

Another key part of my role is to represent Eurogroup at the European Council. I presented to our leaders back in December and will do so again later this week on the International Role of the Euro.

I also attend G7 meetings – again representing the euro area. These are currently chaired by the UK and just last month we spoke on the common challenges created by COVID-19 and the global economic response to it.

We are also fortunate in that we can expand Eurogroup, into a more inclusive format, depending on the topic at hand. This can involve opening up discussions to include non-euro area countries but also in inviting external speakers to participate on selected topics.

Since July, we have heard from the European Centre for Disease Control (ECDC) and their Director Andrea Ammon on COVID-19, Professor Lawrence Summers on economic policy and most recently Dr Mike Ryan and Dr Bruce Aylward from the WHO, also on COVID-19.

So I hope this, 'whistle-stop tour' of how we operate gives you an insight into Eurogroup and its central role in economic and fiscal policy making.

All of this is of course underpinned by a very detailed workplan. We have five broad objectives:

- Economic and fiscal policies to support recovery and long-term growth;
- Use of banking union as a source of stability and growth;
- Capital markets union (in terms of the euro area aspects);
- The euro as a digital currency; and
- The international role of the euro.

I won't discuss all of these today as I want to focus on the very first item – economic and fiscal policies that support recovery – particularly given this is of interest to all.

## **Euro area response to COVID-19**

As an avid reader, I am very aware of recent commentary on the US fiscal response, relative to the EU. There is no doubt that the US plans are ambitious and very large, which is to be welcomed. However, I think it would be amiss to underestimate what the euro area and the broader EU has done. Here too, the response has been extraordinary, in every sense.

In fact, I have repeatedly highlighted that the EU has stepped up to the challenge posed by COVID-19 and Eurogroup has played a leading role in this.

Just to highlight some of what has been done – we built up the necessary level of political momentum to set up the Recovery and Resilience Facility (RRF). The original idea for it was agreed as part of the (inclusive) Eurogroup statement of 9 April 2020.

Eurogroup was also supportive of the activation of the general escape clause, for the first-time last March. This sent a clear and early signal to the markets that this crisis, and our response to it, would be very different.

Three critical key safety nets were also quickly agreed at Eurogroup as a direct counter to COVID-19 – to the value of €540 billion; SURE, the ESM's Pandemic Crisis Support and the EIB's pan-European guarantee fund.

These schemes are fully operational and the success of SURE in particular – in terms of Member States accessing it and also in respect of how oversubscribed bond offerings have been – speaks volumes.

More broadly, the centrepiece of the EU response to date has been Next Generation EU and the Recovery and Resilience Facility (the RRF). This was a momentous step for the EU to take. While just over a year ago, this crisis would have been unimaginable, I think the EU's response to it has also been



equally unimaginable.

The Eurogroup also agreed in November to the ESM Treaty Reform and the early introduction of the backstop to the Single Resolution Fund. These decisions are strengthening our crisis response mechanisms and protecting our citizens. They are tangible actions with long-term benefits for all. Before I move on, I should also recognise what national governments have done, as well as the role of the ECB.

There is no question that fiscal and monetary policy have worked hand-in-hand. This is something that wasn't always the case – all we have to do is look back at previous crises. From the outset, the ECB has been decisive in their monetary policy actions notably through the Pandemic Emergency Purchase Programme. Their decisions have been vital in keeping yields low and in facilitating liquidity. They have helped to instil an air of confidence and certainty at a time marked by uncertainty. This was again in evidence just two weeks ago with their most recent monetary policy decisions.

National governments have also stepped up and have taken unprecedented steps to protect incomes, lives and livelihoods. We have seen record levels of government borrowing to facilitate the operation of our automatic stabilisers and new and innovative discretionary income support schemes for individuals and businesses.

While estimates vary, last year close to 8% of GDP was spent supporting our euro area economies, with an additional 19% of GDP in various types of liquidity support. All of these decisions have helped crisis supports flow in an efficient and effective manner. They are protecting millions of people on a daily basis.

Reflecting back on what has been done – the speed, breadth and depth of decision-making stands out. Economic policy has been bold, agile and effective.

To highlight one economic metric – Okun's Law – the relationship between output and unemployment – has not held up in Europe with job losses far less than what we might have imagined given the scale of the economic shock.

In recent weeks, and as I mentioned earlier, we have seen a number of comparisons on the respective sizes of the EU and US economic responses. These arguments miss the point. They also deflect from what each country is doing. Aside from obvious differences between the US and 19 euro area countries, there are inherent differences in our economies, in our social protection systems and in our longer-term objectives.

Ultimately both economic blocs – for want of a better phrase – are injecting huge amounts of resources into battling COVID-19. These stimuli will also mutually reinforce one another.

Ironically, I spent part of my Saint Patrick's Day celebrations in discussion on this very issue with Secretary Yellen. We both firmly agreed on these points and that we will engage further on these issues at forums such as the

G7.

Before I conclude, I'd like to give you an insight into how Eurogroup practically impacts on the fiscal policy of the 19 Member States, based on our Eurogroup meeting last week and the statement issued in relation to budgetary policy.

## **Eurogroup – budgetary policy orientation**

At Eurogroup we have regular discussions on economic policy. Usually, these debates occur at particular points in the year centred on the European Semester – for example around budget time, and mid-year following Stability and Convergence programmes and the Commission's spring package.

However, last week's statement marked somewhat of a change. There was a feeling that we needed to reaffirm our economic messaging in respect of budgetary policy coordination, not just for this year but also in terms of 2022, so that Member States could prepare budgets that continue the vital economic supports to citizens and businesses.

This culminated in the statement we issued last Monday evening, on which there was absolute consensus.

There are a number of elements to it, but the key takeaway was the unanimity on the need for supportive economic policy right across the euro area. In simple terms, we reaffirmed that there will be no premature withdrawal of budgetary support. While the wording was agreed on Monday, the statement was underpinned by a consensus built up with colleagues across Eurogroup over the past year.

Eurogroup will also issue further guidance later in the year as new data and information comes in. Over the summer, we will take the economic policy conversation forward, with a particular focus on 2022.

To date, budgetary policy has proven to be both very effective and agile. It will need to remain flexible so as to win the battle against COVID-19. In fact, this was at the heart of the second part of the statement – where we emphasised the need for budgetary policy in time to pivot towards more targeted supports.

We also explicitly recognised the challenge posed by higher levels of indebtedness – an inevitable by-product of the exceptional supports at present – and the need to address this in time through differentiated and more sustainable medium-term strategies.

We also stressed the need for ambitious reforms and productive investment, supported by the RRF. The latter offers a unique opportunity for Member States to deliver stronger, more sustainable and inclusive growth while prioritising the green and digital transitions.

## Conclusion

To conclude, there is no doubt as to how exceptionally seismic this shock has been. COVID-19 has been a tremendous challenge to all. In fact, we face a virus that uses the same qualities we rely on in Europe, to infect; our interconnectedness, our interdependence and our interconnectivity. So there is an inherent symmetry in all this.

However, there is also a tremendous sense of symmetry in our response. Nobody expected a shattering global pandemic but through Eurogroup and beyond we have the political processes and structures in place to support one another. This, I feel, was the key difference this time.

Europe was different and has responded differently. In a thousand ways.

We have achieved an unprecedented level of coordination on economic and fiscal matters over the past year. All of this is based on the clear goal of supporting citizens, businesses and countries in a time of great need.

To conclude with two quotes from both sides of the Atlantic, which I think is fitting given what we have discussed today:

In the words of Robert Schuman:

*“Europe will not be made all at once, or according to a single plan. It will be built through concrete achievements which first create a de facto solidarity.”*

In the words of President Theodore Roosevelt:

*“In any moment of decision, the best thing you can do is the right thing, the next best thing is the wrong thing, and the worst thing you can do is nothing.”*

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**[Long-term investment support needed to boost green and digital transformation of the Czech Republic says the latest EIB Investment Survey](#)**



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- The European Investment Bank and the Czech Banking Association hosted a virtual conference entitled “Investment and investment finance in the Czech Republic” today.
- The EIB presented the results of its latest annual [EIB Investment Report and Survey \(EIBIS\) for Europe and the specific results for the Czech Republic](#), providing insights on investment dynamics and investment

needs.

- After the first wave of COVID-19, half of Czech firms already planned to reduce their investment due to the pandemic. However, firms know they need to invest more to counter the impact of the pandemic.
- Just over half of Czech firms have invested or are planning to invest to tackle the impact of climate change on their business.

As part of a series of events organised to discuss current investment trends in different EU Member States, the Czech Banking Association and the European Investment Bank, in partnership with the Confederation of Industry of the Czech Republic and the Institute for Democracy & Economic Analysis (IDEA), hosted the webinar "[Investment and investment finance in the Czech Republic](#)". It focused on investment needs and priorities for the Czech Republic in the era of COVID-19, digitalisation and climate change.

During the webinar, EIB Vice-President Lilyana Pavlova gave an overview of the EIB's activities in the Czech Republic and EIB Head of Economic Studies Pedro de Lima presented the results of the 2020 EIB Investment Survey for the Czech Republic.

The survey highlighted that in the long term, COVID-19 will likely give rise to further investment needs in the Czech Republic, notably in the areas of service or product portfolio and the supply chain.

[EIB Vice-President Lilyana Pavlova](#) said: "While the COVID-19 pandemic impacted investment in Czechia, the EIB, as the EU climate bank, is dedicated to helping the country through a digital and green recovery of the economy. Over the past five years, we have provided on average €900 million per year in new lending to the Czech public and private sectors and will continue to act as a key partner in the country."

**EIB Head of Economic Studies Pedro de Lima** added: "About half of Czech firms planned to cut their investment spending and a third expect the pandemic to have lasting effects. This calls for patient long-term investment support – to accelerate the recovery, safeguard jobs and adapt to the challenges of the green and digital transformation."

**Zdenek Tůma, Member of the Czech Banking Association Presidium, and Chairman of the CSOB Supervisory Board,** said: "Czech banks' collaboration with the EIB Group is long lasting, professional and mutually advantageous. It brings benefits to final recipients not only through competitive interest rates but, in the case of the European Investment Fund's guarantees, it also helps banks to finance innovative SMEs that would otherwise be commercially risky as borrowers. And it not only helps new companies to enter markets, it supports them in administratively friendly way, and it allows to share with them the benefits of a pan-European triple A creditor's funding."

**Helena Horská, Chief Economist of the Raiffeisen Bank,** said: "The Czech Republic's investment gap is roughly €22 billion for 2020-2023. Without stimulating private investment, we will not be able to close it. And investment needs to be smart to lay the foundations of growth."

The webinar was attended by business leaders, economists, policymakers and representatives from financial institutions and public sector partners, including Jan Dejl, Deputy Minister for the Ministry of Industry and Trade, Daniel Münich, Executive Director of the Institute for Democracy & Economic Analysis (IDEA) at CERGE-EI, Jitka Haubová, COO of Komerční Banka, Jan Švejnar, Professor of Global Political Economy at Columbia University and Adviser to the Czech Government, and Tomáš Kolář, CEO of Linet.

The EIB Investment Survey provides a clear picture of the challenges for firms in the EU. In addition to well-known investment barriers, such as skills shortages and aspects of the regulatory environment, firms need to deal with climate change and with the consequences of COVID-19. This translates into increased investment in innovation and digital technologies, and a rethink of the businesses' global value chains.

This is also true for firms in the Czech Republic. Over the coming years, most Czech firms intend to prioritise the development or the introduction of new products and services over capacity expansion and replacement. Just over half of firms have invested or are planning to invest to tackle the impact of climate change on their business. On average, firms dedicated about 10% of their investment spending to energy efficiency, similar to those in the rest of the EU.

**Read the EIB Investment Survey 2020 [EIBIS 2020 – Czech Republic overview](#)**

**Presentations from the seminar available on the [post-event website](#).**

### **About the EIBIS**

The annual EIB Group Survey on Investment and Investment Finance (EIBIS) is an EU-wide survey that gathers qualitative and quantitative information on firms' investment activities, their financing requirements and the difficulties they face. The survey was developed by our Economics Department and provides a unique set of data. It is the only survey that makes it possible to compare investment across countries and sectors in the EU. The survey collects data from approximately 13 300 businesses in total, across the EU27, the United Kingdom and, since 2019, the United States.

More information on [The EIB Investment Survey – 2020 EU overview](#)

### **About the European Investment Bank**

The EIB has worked with the [Czech Republic](#) since 1992 and invested in infrastructure, small businesses, environment and innovation. Since its start of operations in Czech Republic, the EIB has provided €23.23 billion of financing to 192 projects.

### **About the Czech Banking Association**

The [Czech Banking Association](#) is a voluntary association of banks and building societies operating on the Czech market representing more than 99% of the Czech banking sector. The Czech Banking Association has been supporting the development of the Czech banking sector, the entire economy,

and the financial literacy of Czechs since 1990.