

47th Meeting of the Franco-German Financial and Economic Council

on 2 December 2014

at the German Federal Ministry of Finance, Berlin

Ministers Schäuble, Gabriel, Sapin and Macron met today together with the President of the Deutsche Bundesbank, Mr Weidmann, and the Deputy Governor of the Banque de France, Ms Le Lorier, in Berlin for the 47th meeting of the Franco-German Financial and Economic Council.

Following brief bilateral discussions, the four ministers held joint talks to discuss current issues on the financial and economic political agenda.

The ministers first discussed the economic situation in France, Germany and the euro area as a whole where the recovery is muted and action is necessary to support confidence and strengthen sustainable growth. They reviewed the economic strategy of the euro area in its critical aspects: fiscal policy, structural reforms aimed at improving our external competitiveness and internal rebalancing, and finally public and private investment gaps and ways to bridge them, thus supporting demand in the short term and strengthening potential growth over the medium term.

The issue of how to strengthen investment in Europe was a focal point for the joint talks against the background of the recently announced Juncker investment plan. Germany and France welcome the plan, and are fully aware of their responsibility in this context. To this end, the four ministers endorsed a joint paper on how to strengthen investment and growth in Europe.

As a follow up to the G20 meeting in Brisbane, ministers discussed the issue of tax competition, base erosion and profit shifting within the European Union and expressed their support to an initiative to tackle it through a comprehensive anti-BEPS directive ensuring tax transparency, in particular on tax rulings, minimum taxation of cross-border transactions, binding rules on preferential regimes such as Patent boxes, and general anti-abuse clauses.. It was agreed that Europe should take the lead in implementing as soon as possible ambitious rules on transparency and on anti-optimization.

Ministers also discussed the FTT, for which they reiterate their commitment to reach agreement on the first step of this initiative before the end of the year.

Ministers exchanged views on how to improve the governance of the euro area, and look forward to the output of the ongoing work by the president of the Commission, together with the presidents of Euro-Summit, Eurogroup and ECB on strengthening economic governance.

An exchange of views was also held on the role of the euro as an international currency, particularly in its use as a currency for international transactions. Since its establishment the euro has quickly established itself as one of the world's most important currencies. This position should be reinforced by concrete actions in the fields where it is most relevant.

The final topic on the agenda for the joint Ministerial talks was the Franco-German initiative on research cooperation launched at a previous meeting of Franco-German Financial and Economic Council, on May 7th 2013. It was agreed that this initiative should be pursued.

Ministers were then joined by Mr Weidmann, President of the Deutsche Bundesbank and Ms Le Lorier, Deputy Governor of the Banque de France, for the plenary session of the Franco-German Financial and Economic Council. A broad discussion was held on the current economic outlook in both countries, as well as at the European and global level. It was agreed that the recovery was slow and that it was necessary to

support confidence and activity via the implementation of growth-friendly fiscal and structural policies while maintaining an appropriate fiscal stance in the euro area in line with the Stability and Growth Pact.

Financial market regulation in the wake of the G20 talks in Brisbane was discussed. In particular, the focus was put on steps which still need to be taken to close remaining gaps.

This was followed by a review of the current situation with respect to Banking Union, where participants reviewed progress so far including the publication of the comprehensive assessment's results, and agreed on the importance to quickly set up the single resolution mechanism.

Finally, the council expressed its full support to create a capital markets union in the EU. The goal is to strengthen and deepen the EU's single market, help tackle the financial fragmentation and improve the financing of the EU economy, especially SME's, through the diversification of funding options. France and Germany will actively collaborate with the Commission in the coming months on this priority.