



EUconomics Newsletter

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Reference period: July 2022 - December 2022

4 July 2022

ECB takes further steps to incorporate climate change into its monetary policy operations. The Governing Council of the European Central Bank has decided to take further steps to include climate change considerations in the Eurosystem's monetary policy framework. It decided to adjust corporate bond holdings in the Eurosystem's monetary policy portfolios and its collateral framework, to introduce climate-related disclosure requirements and to enhance its risk management practices (see <https://www.ecb.europa.eu/press/pr/date/2022/html/ecb.pr220704~4f48a72462.en.html>).

12 July 2022

Croatia to join euro area on 1 January 2023. The Council of the European Union formally approved the accession of Croatia to the euro area on 1 January 2023 and determined a Croatian kuna conversion rate of 7.53450 per euro. The European Central Bank and Hrvatska narodna banka agreed to monitor developments in the Croatian kuna against the euro on the foreign exchange market until 1 January 2023 (see <https://www.ecb.europa.eu/press/pr/date/2022/html/ecb.pr220712~b97dd38de3.en.html>).

21 July 2022

The Transmission Protection Instrument. The Governing Council of the European Central Bank approved the Transmission Protection Instrument (TPI) to support the effective transmission of monetary policy. The TPI can be activated to counter unwarranted, disorderly market dynamics that pose a serious threat to the transmission of monetary policy across the euro area (see <https://www.ecb.europa.eu/press/pr/date/2022/html/ecb.pr220721~973e6e7273.en.html>).

26 July 2022

The Council of EU adopted *conclusions on the Fiscal Sustainability Report 2021*. Fiscal Sustainability Report 2021 updates the assessment of fiscal sustainability risks across the European Union, based on an enriched multidimensional approach and drawing from the 2021 Ageing Report (see <https://www.consilium.europa.eu/en/press/press-releases/2022/07/12/fiscal-sustainability-council-adopts-conclusions/>).

26 July 2022

Sustainable finance. Political agreement on Corporate Sustainability Reporting Directive will improve the way firms report sustainability information (see <https://ec.europa.eu/newsroom/fisma/items/754701/en>).

26 July 2022

Non-performing loans. New guidance for sellers and purchasers on sales of NPLs on secondary markets (<https://ec.europa.eu/newsroom/fisma/items/754692/en>).

13 September 2022

NextGenerationEU: European Commission raises a further €12 billion for Europe's recovery. The European Commission has issued €12 billion in a dual tranche transaction under its flagship NextGenerationEU programme. The Commission will continue using the funds raised to support Europe's post-pandemic recovery, financing Member States under the Recovery and Resilience Facility as well as via other EU programmes (see https://ec.europa.eu/commission/presscorner/detail/en/ip_22_5499).



11 October 2022

Capital Markets Union: The Commission publishes its report on the review of the Securitisation Regulation (https://finance.ec.europa.eu/news/capital-markets-union-commission-publishes-its-report-review-securitisation-regulation-2022-10-11_en).

27 October 2022

The European Commission proposes to *accelerate the rollout of instant payments in euro*. The Commission has adopted a legislative proposal to make instant payments in euro, available to all citizens and businesses holding a bank account in the EU and in EEA countries. The proposal aims to ensure that instant payments in euro are affordable, secure, and processed without hindrance across the EU (see https://ec.europa.eu/commission/presscorner/detail/en/IP_22_6272).

27 October 2022

A political agreement was reached between the European Parliament and the Council on *the review of the regulation on European long-term investment funds (ELTIF)*. The political agreement will increase the attractiveness of European long-term investment funds for investors. It will also strengthen their role as a complementary source of financing for EU companies (<https://ec.europa.eu/newsroom/fisma/items/763600/en>).

28 October 2022

State aid: Commission prolongs and amends Temporary Crisis Framework. The European Commission has adopted an amendment to the State aid Temporary Crisis Framework to enable Member States to continue to use the flexibility foreseen under State aid rules to support the economy in the context of Russia's war against Ukraine (see https://ec.europa.eu/commission/presscorner/detail/en/ip_22_6468).

8 November 2022

Banking sector: Council of the EU agrees its position on *the implementation of Basel III reforms*. The Council reached its position (general approach) on the proposals amending the capital requirements directive and the capital requirements regulation (see <https://www.consilium.europa.eu/en/press/press-releases/2022/11/08/banking-sector-council-agrees-its-position-on-the-implementation-of-basel-iii-reforms/>).

8 November 2022

EU finance ministers agreed on a *revised code of conduct for business taxation* (see <https://www.consilium.europa.eu/en/press/press-releases/2022/11/08/taxation-finance-ministers-agree-to-strengthen-the-code-of-conduct-used-to-identify-and-curb-harmful-tax-measures-of-member-states/>).

9 November 2022

Building an economic governance framework fit for the challenges ahead. The European Commission has adopted a Communication setting out orientations for a reformed EU economic governance framework. These aim to strengthen debt sustainability and enhance sustainable and inclusive growth through investment and reforms (see https://ec.europa.eu/commission/presscorner/detail/en/ip_22_6562).

16 November 2022

Making Schengen stronger: Bulgaria, Romania and Croatia are ready to fully participate in the Schengen area (see https://ec.europa.eu/commission/presscorner/detail/en/ip_22_6945).

16 November 2022

ECB Financial Stability Review shows risks increasing as economic and financial conditions worsen (see <https://www.ecb.europa.eu/press/pr/date/2022/html/ecb.pr221116~af58c8e63b.en.html>).



28 November 2022

Digital finance: Council adopts Digital Operational Resilience Act. The Council adopted the Digital Operational Resilience Act (DORA) which will make sure the financial sector in Europe is able to stay resilient through a severe operational disruption (see <https://www.consilium.europa.eu/en/press/press-releases/2022/11/28/digital-finance-council-adopts-digital-operational-resilience-act/>).

7 December 2022

Capital Markets Union: new proposals on clearing, corporate insolvency and company listing to make EU capital markets more attractive. The European Commission has put forward measures to further develop the EU's Capital Markets Union (CMU): (1) *to make EU clearing services more attractive and resilient*, supporting the EU's open strategic autonomy and preserving financial stability; (2) *to harmonise certain corporate insolvency rules across the EU*, making them more efficient and helping promote cross-border investment; (3) *to alleviate* – through a new Listing Act – *the administrative burden for companies of all sizes*, in particular SMEs, so that they can better access public funding by listing on stock exchanges (see https://ec.europa.eu/commission/presscorner/detail/en/ip_22_7348).

7 December 2022

Anti-money laundering: the Council of the EU agreed its position on an anti-money laundering (AML) regulation and a new directive (AMLD6). The new EU anti-money laundering and combating the financing of terrorism (AML/CFT) rules will be extended to the entire crypto sector, obliging all crypto-asset service providers (CASPs) to conduct due diligence on their customers (see <https://www.consilium.europa.eu/en/press/press-releases/2022/12/07/anti-money-laundering-council-agrees-its-position-on-a-strengthened-rulebook/>).

8 December 2022

Taxation: Embracing the digital transition to help fight VAT fraud and support EU businesses. The European Commission proposed a series of measures to modernise and make the EU's Value-Added Tax (VAT) system work better for businesses and more resilient to fraud by embracing and promoting digitalisation (see https://ec.europa.eu/commission/presscorner/detail/en/ip_22_7514).

8 December 2022

Council of the EU adopts key policy programme for EU's digital transformation. The Council adopted the 2030 policy programme 'Path to the Digital Decade', which ensures that the EU meets its objectives for a digital transformation in line with EU values. The decision aims to *strengthen the EU's digital leadership* by promoting inclusive and sustainable digital policies that serve citizens and businesses. To this end, it sets out the *concrete digital targets* that the EU and its member states aim to reach by the end of the decade in four areas: strengthening digital *skills* and education; secure and sustainable *digital infrastructures*; digital transformation of *businesses*; digitalisation of *public services* (see <https://www.consilium.europa.eu/en/press/press-releases/2022/12/08/path-to-the-digital-decade-council-adopts-key-policy-programme-for-eu-s-digital-transformation/>).

8 December 2022

Taxation: New transparency rules require service providers to report crypto-asset transactions. The European Commission proposed new tax transparency rules for all service providers facilitating transactions in crypto-assets for customers resident in the European Union. These complement the Markets in Crypto-assets (MiCA) Regulation and anti-money laundering rules. The proposal will improve Member States' ability to detect and counter tax fraud, tax evasion and tax avoidance, by requiring all crypto-asset service providers – irrespective of their size or location – to report transactions of clients residing in the EU (see https://ec.europa.eu/commission/presscorner/detail/en/ip_22_7513).

12 December 2022

Council of the EU reaches agreement on a *minimum level of taxation for largest corporations*. EU member states reached agreement in principle to implement at EU level the minimum taxation component, known as Pillar 2, of the OECD's reform of international taxation. The profit of the large multinational and domestic groups or companies with a combined annual turnover of at least €750 million will be taxed at a minimum rate of 15%.



(see <https://www.consilium.europa.eu/en/press/press-releases/2022/12/12/international-taxation-council-reaches-agreement-on-a-minimum-level-of-taxation-for-largest-corporations/>).

19 December 2022

Commission requests advice from the European Banking Authority on green retail lending (see <https://ec.europa.eu/newsroom/fisma/items/770311/en>).

20 December 2022

The European Central Bank announced *the results of the most recent review of its risk control framework for collateralised credit operations* (see https://www.ecb.europa.eu/press/pr/date/2022/html/ecb.pr221220_1~ca6ca2cc09.en.html).

20 December 2022

The ECB study shows that *cash remains the most frequently used means of payment* in stores but electronic payments grow further (see <https://www.ecb.europa.eu/press/pr/date/2022/html/ecb.pr221220~62a7c988ef.en.html>).

20 December 2022

Council of the EU agrees position on establishing a *framework for the recovery and resolution of insurance and reinsurance undertakings* (IRRDR). Member states' representatives agreed a negotiating mandate (general approach) on the Insurance Recovery and Resolution Directive (IRRDR). This proposal will reinforce the Solvency II Directive, in the aim to make the insurance and reinsurance sector more resilient and enhance the protection of policyholders, taxpayers, the economy and financial stability within the EU (see <https://www.consilium.europa.eu/en/press/press-releases/2022/12/20/council-agrees-position-on-establishing-a-framework-for-the-recovery-and-resolution-of-insurance-and-reinsurance-undertakings-irrd/>).

30 December 2022

Euro and Schengen: Croatia joins the Euro and Schengen areas. On 1 January 2023 Croatia will adopt the euro as its currency and will fully join the Schengen area. This marks an important milestone in the history of Croatia, of the euro and Schengen areas and of the EU as a whole (see https://ec.europa.eu/commission/presscorner/detail/en/ip_22_7907).



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