EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2017) 2217 final

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Strasbourg, 4 July 2017

TEXTE EN

MINUTES

of the 2217th meeting of the Commission

held in Brussels

(Berlaymont)

on Wednesday 21 June 2017

(morning)

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<u>Single sitting</u>: Wednesday 21 June 2017 (morning)

The sitting opened at 10.15 with Mr JUNCKER, President, in the chair.

<u>Present:</u>

Mr JUNCKER	President
Mr TIMMERMANS	First Vice-President
Ms MOGHERINI	High Representative / Vice-President
Mr ANSIP	Vice-President
Mr ŠEFČOVIČ	Vice-President
Mr DOMBROVSKIS	Vice-President
Mr KATAINEN	Vice-President
Mr OETTINGER	Member
Mr HAHN	Member
Ms MALMSTRÖM	Member
Mr ARIAS CAÑETE	Member
Mr VELLA	Member
Mr AVRAMOPOULOS	Member
Ms THYSSEN	Member
Mr MOSCOVICI	Member
Mr HOGAN	Member
Ms JOUROVÁ	Member
Mr NAVRACSICS	Member
Ms CREȚU	Member
Ms VESTAGER	Member
Mr MOEDAS	Member
Sir Julian KING	Member

Absent:

Mr MIMICA	Member
Mr ANDRIUKAITIS	Member
Mr STYLIANIDES	Member
Ms BULC	Member
Ms BIEŃKOWSKA	Member

The following sat in to represent absent Members of the Commission:

Mr BEHRNDT	Chef de cabinet to Mr MIMICA	Items 1 to 9
Mr VINČIŪNAS	Chef de cabinet to Mr ANDRIUKAITIS	Items 1 to 9
Ms CHRISTOPHIDOU	Chef de cabinet to Mr STYLIANIDES	Items 1 to 9
Mr FAJARDO	Deputy Chef de cabinet to Ms BULC	Items 1 to 9
Mr HUSAK	Chef de cabinet to Ms BIEŃKOWSKA	Items 1 to 9

The following also sat in:

Mr SELMAYR	Chef de cabinet to the PRESIDENT	
Mr ROMERO REQUENA	Director-General, Legal Service	
Mr PESONEN	Director-General, DG Communication	Items 1 to 9
Mr SCHINAS	Head of the Spokesperson's Service and Chief Spokesperson of the Commission	
Ms METTLER	Head of the European Political Strategy Centre	Items 1 to 9
Ms MARTÍNEZ ALBEROLA	Deputy Chef de cabinet to the PRESIDENT	
Ms KRAMER	Director of Coordination and Administration in the PRESIDENT's Office	
Ms ARKI	PRESIDENT's Office	Items 1 to 9
Mr HAGER	Chef de cabinet to Mr OETTINGER	
Mr DE MICHELIS	Chef de cabinet to Ms CREȚU	
Ms ANDREEVA	Commission Spokesperson's Service	Items 1 to 9

Secretary: Mr ITALIANER, Secretary-General, assisted by Mr AYET PUIGARNAU, Director in the Secretariat-General, for items 1 to 9, and Mr TAQUET-GRAZIANI, administrator in the Secretariat-General, for item 10.

The PRESIDENT opened the meeting with a moving tribute to Mr Helmut Kohl, the former German Chancellor, who passed away on 16 June.

He would miss him as a close friend and political ally, whom he had met in 1979 and who had been his personal guide and companion in all things European. He would be missed too, by the Commission, whose role he considered to be essential, and above all by Europe, of which he was the personification.

Mr Helmut Kohl would be remembered in hearts and minds as the great architect of German reunification, which he saw as an integral part of the European project and for which he had braved obstacles to lead this historic undertaking to a successful conclusion. He also remembered that Mr Helmut Kohl had filled the house of Europe with life and contributed to its enlargement, another historic achievement, not only because he built bridges towards the West and East, but also because he never ceased to fight for the future of Europe. The PRESIDENT recounted an unforgettable personal memory, when he was in charge of the Luxembourg Presidency of the Council in 1997 and saw Mr Helmut Kohl cry with emotion when the prospect of the Central and Eastern European States becoming part of the European project definitively took shape, a moment he described as one of the great days of his life, when his dream of Europe came true and when geography and history were united at last, after so many trials.

Mr Helmut Kohl would be remembered as a great German patriot and a great European, but also as a great man, a good man, able to overcome political divides, gifted with empathy and a sense of humour, brave and with indomitable determination. The PRESIDENT expressed his heartfelt condolences and those of the Commission to the German people and Mr Helmut Kohl's family and friends.

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1. AGENDAS
(OJ(2017) 2217/FINAL; SEC(2017) 295/FINAL/2)

The Commission took note of that day's agenda and of the tentative agendas for forthcoming meetings.

2. WEEKLY MEETING OF CHEFS DE CABINET
(RCC(2017) 2217)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 19 June.

3. APPROVAL OF THE MINUTES OF THE 2212TH, 2214TH AND 2216TH MEETINGS OF THE COMMISSION (16 MAY, 31 MAY AND 13 JUNE), AND THE MINUTES AND SPECIAL MINUTES OF THE 2215TH MEETING OF THE COMMISSION (7 JUNE)
(PV(2017) 2214; PV(2017) 2215; PV(2017) 2215, 2ND PART)

The Commission approved the minutes of its 2214th and 2215th meetings and decided to hold over approval of the minutes of its 2212th and 2216th meetings for the following week.

4. INTERINSTITUTIONAL RELATIONS (RCC(2017) 80)

The Commission took note of the record of the meeting of the Interinstitutional Relations Group (IRG) held on Friday 16 June (RCC(2017) 80).

It paid particular attention to the following points.

4.1. HORIZONTAL ITEM

i) Negotiations on an agreement with the United Kingdom setting out the arrangements for its withdrawal from the European Union pursuant to Article 50 of the Treaty on the European Union – Position Paper on Essential Principles on Nuclear Materials and Safeguard Equipment

The Commission took note of the information in SI(2017) 303 and its annex, and authorised the 'Article 50 Task Force' to send it to the 27 Member States.

4.2. LEGISLATIVE MATTERS

ii) Trilogues
(point 3.1 of the IRG record)

– Sustainable management of external fishing fleets, repealing Council Regulation (EC) 1006/2008 (Regulation) – ENGSTRÖM report – 2015/0289 (COD)

The Commission approved the line set out in SI(2017) 298.

– Amendment of Directive 2011/65/EU on the restriction of the use of certain hazardous substances in electrical and electronic equipment (Directive) – Rapport VĂLEAN – 2017/0013 (COD)

The Commission approved the line set out in SI(2017) 299.

– Recognition of professional qualifications in inland navigation and repeal of Council Directive 96/50/EC and Council Directive 91/672/EEC (Directive) – MEISSNER report – 2016/0050 (COD)

The Commission approved the line set out in SI(2017) 305.

– European Union Agency for Asylum and repeal of Regulation (EU) 439/2010 (Regulation) – NIEDERMÜLLER report – 2016/0131 (COD)

The Commission approved the line set out in SI(2017) 307.

– European Fund for Sustainable Development (EFSD) and establishment of the EFSD Guarantee and the EFSD Guarantee Fund (Regulation) – FRUNZULICĂ / GARDIAZABAL RUBIAL / KUKAN report – 2016/0281 (COD)

The Commission approved the line set out in SI(2017) 263.

– Amendment of Regulations (EU) 1316/2013 and (EU) 2015/1017 as regards the extension of the duration of the European Fund for Strategic Investments as well as the introduction of technical enhancements for that Fund and the European Investment Advisory Hub (Regulation) – BULLMANN & FERNANDES – 2016/0276 (COD)

The Commission approved the line set out in SI(2017) 310 and /2.

iii) Council dossiers
(point 3.3 of the IRG record)

– Amendment of Directive 2012/27/EU on energy efficiency (Directive) – GIEREK report – 2016/0376 (COD)

The Commission approved the line set out in SI(2017) 300.

– Amendment of Directive 2010/31/EU on the energy performance of buildings (Directive) – BENDTSEN report – 2016/0381 (COD)

The Commission approved the line set out in SI(2017) 301.

– Report from the Commission presented under Article 8 of the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union – C(2017) 1201

The Commission approved the line set out in SI(2017) 315.

4.3. RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL

iv) Programming of Council business
(SI(2017) 314)

The Commission took note of the information in SI(2017) 314 on the Council meetings between 22 June and 5 July.

v) Non-legislative matters
(point 4.1 of the IRG record)

– High-level 'Our Ocean Conference' organised by the European Union (Malta, 5 and 6 October) – Provisional list of voluntary commitments to be presented on behalf of the European Union

The Commission took note of the information in SI(2017) 304.

– Anti-Money Laundering and Countering Terrorist Financing – European Parliament Non-Legislative Resolution B8-0001/2017 (January part-session) on the Commission Delegation Regulation supplementing Directive (EU) 2015/849 by identifying high-risk third countries with strategic deficiencies – Follow-up to the letter from Ms JOUROVÁ to Mr GUALTIERI and Mr MORAES

The Commission approved the line set out in SI(2017) 306.

4.4. RELATIONS WITH PARLIAMENT

vi) Action to be taken on Parliament's legislative resolutions and other resolutions of a legal nature
(SP(2017) 413)

The Commission decided to empower the Members of the Commission responsible for the sectors in question, in agreement with the PRESIDENT and Mr TIMMERMANS and, if necessary, with the other Members concerned, to adopt the amended proposals for transmission to Parliament and the Council, as set out in SP(2017) 413, drawn up following the part-session of Parliament of 12 to 15 June, the contents of which were noted.

vii) Action taken on non-legislative resolutions adopted by Parliament at its March II part-session
(point 5.6.1 of the IRG record)

The Commission approved documents SP(2017) 390 and /2 on the action taken on the non-legislative resolutions adopted by Parliament at its March II part-session, for transmission to Parliament.

viii) Results of Parliament's June part-session
(SP(2017) 399; SP(2017) 410)

The Commission took note of the information in SP(2017) 399 and SP(2017) 410 on the proceedings of the part-session of Parliament held in Strasbourg from 12 to 15 June.

5. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

5.1. WRITTEN PROCEDURES APPROVED (SEC(2017) 296 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 12 and 16 June.

5.2. EMPOWERMENT (SEC(2017) 297 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 12 and 16 June.

5.3. DELEGATION / SUBDELEGATION OF POWERS (SEC(2017) 298 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 12 and 16 June, as archived in Decide.

5.4. SENSITIVE WRITTEN PROCEDURES (SEC(2017) 299)

The Commission took note of the sensitive written procedures for which the time limit expired between 19 and 23 June.

6. ADMINISTRATIVE AND BUDGETARY MATTERS (SEC(2017) 300)

ADMINISTRATIVE MATTERS
(PERS(2017) 85)

6.1. DG INTERNAL MARKET, INDUSTRY, ENTREPRENEURSHIP AND SMEs – APPOINTMENT OF AD14/15 PRINCIPAL ADVISER (PERS(2017) 16 TO /3)

The Commission had before it applications under Article 29(1)(a)(i) and (iii) of the Staff Regulations for the post of Principal Adviser in DG Internal Market, Industry, Entrepreneurship and SMEs seconded to the Executive Agency for Small and Medium-sized Enterprises (EASME) (PERS(2017) 16).

It took note of the opinions of the Consultative Committee on Appointments of 28 April and 18 May 2017 (PERS(2017) 16/2 and /3).

The Commission proceeded to compare the applicants' qualifications for the post. It also considered their ability, efficiency and conduct in the service. On a proposal from Mr OETTINGER, in agreement with the PRESIDENT and after consulting Ms BIEŃKOWSKA and also Mr ANSIP, Mr ŠEFČOVIČ, Mr DOMBROVSKIS and Mr KATAINEN, it decided to appoint Mr Julien GUERRIER to the post.

This decision would take effect on a date to be determined.

6.2. *SECRETARIAT-GENERAL / DG BUDGET / DG HUMAN RESOURCES AND SECURITY – OPENING OF A EUROPEAN UNION DELEGATION IN MONGOLIA (PERS(2017) 86)*

The Commission took note of the information in point 2 of PERS(2017) 85 and, on a proposal from Mr OETTINGER, in agreement with the PRESIDENT, and having consulted Mr MIMICA, Ms MALMSTRÖM, Mr STYLIANIDES and Mr HAHN, and also Ms MOGHERINI, decided:

– to agree to the opening of a European Union delegation in Mongolia, based in Ulaanbaatar;

– to take note of the financial statement in PERS(2017) 86 evaluating the budgetary impact of this measure, while underlining that its implementation would have to take into account existing budget constraints;

– to note that any decision connected with the above decision to open the delegation and relating to the adoption of new organisation charts or amendments to existing ones, and any decision to (re)deploy Commission resources, would have to be taken in accordance with the cooperation procedures put in place by the Commission and the High Representative of the Union for Foreign Affairs and Security Policy and with internal Commission procedures.

These decisions would take effect immediately.

6.3. *SECRETARIAT-GENERAL / DG BUDGET / DG HUMAN RESOURCES AND SECURITY – CLOSURE OF A EUROPEAN UNION DELEGATION ON THE SOLOMON ISLANDS (PERS(2017) 87)*

The Commission took note of the information in point 3 of PERS(2017) 85 and, on a proposal from Mr OETTINGER, in agreement with the PRESIDENT, and having consulted Mr MIMICA, Ms MALMSTRÖM, Mr STYLIANIDES and Mr HAHN, and also Ms MOGHERINI, decided:

– to agree to the closure of the European Union delegation on the Solomon Islands;

– to take note of the financial statement in PERS(2017) 87 evaluating the budgetary impact of this measure, while underlining that its implementation would have to take into account existing budget constraints;

– to note that any decision connected with the above decision to close the delegation and relating to the adoption of new organisation charts or amendments to existing ones, and any decision to (re)deploy Commission resources, would have to be taken in accordance with the cooperation procedures put in place by the Commission and the High Representative of the Union for Foreign Affairs and Security Policy and with internal Commission procedures.

These decisions would take effect immediately.

7. COMMISSION DECISION ON A PROCEEDING UNDER ARTICLE 101 OF THE TREATY ON THE FUNCTIONING OF THE EUROPEAN UNION AND ARTICLE 53 OF THE AGREEMENT ON THE EUROPEAN ECONOMIC AREA (CASE AT.40013 – LIGHTING SYSTEMS) (C(2017) 4100 TO /8 ; RCC(2017) 82)

The Commission:

- took note of the opinion of the Advisory Committee on Restrictive Practices and Dominant Positions of 19 June in C(2017) 4100/4;

- took note of the final report of the Hearing Officer of 20 June in C(2017) 4100/3;

- adopted in the authentic language (English) the decision in C(2017) 4100/5 finding that the companies to which the decision was addressed had infringed Article 101 of the Treaty on the Functioning of the European Union and Article 53 of the Agreement on the European Economic Area, requiring the parties to put an end to the infringements immediately and imposing on some of these companies fines totalling EUR 26 744 000;

- adopted Annexes 1 to 3 to the decision set out in C(2017) 4100/6 to /8 in the authentic language (English);

- decided to notify each of the companies to which the decision was addressed of the decision set out in C(2017) 4100/5 and the annex relating to that particular company, as set out in C(2017) 4100/6 to /8, together with the Hearing Officer's final report;

- decided that the key parts of the decision, together with the Advisory Committee's opinion and the Hearing Officer's final report, would be published in the official languages of the Union in the Official Journal of the European Union (with business secrets and other confidential information removed);

- decided to make the decision (with business secrets and other confidential information removed) available on the internet.

8. PROPOSAL FOR A COUNCIL DIRECTIVE AMENDING DIRECTIVE 2011/16/EU AS REGARDS MANDATORY AUTOMATIC EXCHANGE OF INFORMATION IN THE FIELD OF TAXATION IN RELATION TO REPORTABLE CROSS-BORDER ARRANGEMENTS (COM(2017) 335 TO /3; SWD(2017) 236 AND /2; SWD(2017) 237; SEC(2017) 307; RCC(2017) 81)

Mr MOSCOVICI briefly presented the proposal to be adopted by the College for a Council Directive amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements.

He placed this proposal in the context of the Commission’s efforts to promote greater fairness and transparency in tax matters and combat tax avoidance, a multi-faceted problem involving numerous players and complex solutions. The current proposal focused on tightening up and regulating the obligations incumbent on intermediaries when they proposed aggressive tax planning arrangements to their clients. Intermediaries could mean lawyers’ offices, consultants, companies’ in-house tax advisers or bankers. In any case, these were the people who devised and proposed to their clients ways of reducing their tax bills.

He explained that their practices were not necessarily illegal, but they were ingenious enough to fully exploit the loopholes in the current legislation and help their clients to avoid paying their fair share of tax. This resulted in some cases in a significant loss of tax revenue for the Member States. He cited in this connection a study by the European Parliament which put the cost of tax avoidance connected with these practices at around € 50 to 70 billion per year.

Mr MOSCOVICI stressed that the proposal being tabled that day therefore aimed to end the secrecy culture by requiring intermediaries to disclose the aggressive tax planning arrangements they were proposing to their clients and by encouraging Member States to revise their legislation to prevent such abuses in future. Intermediaries would now be required to inform their tax administration, within five days, of any arrangement featuring one of the characteristics set out in the Annex to the proposed Directive. As examples of these characteristics, he mentioned tax arrangements that allowed the taxpayer not to be resident for tax purposes in any tax jurisdiction, or that included a cross-border payment to a resident of a zero-tax country, or that used a jurisdiction in which anti-money laundering legislation was either inappropriate or virtually non-existent.

He noted that if the intermediary was located outside the European Union, responsibility for declaring the arrangements to the tax administration would lie with the client. It was then for the Member States to exchange this information amongst themselves, on a quarterly basis, using a central database. The penalties for those who failed to discharge this duty of transparency would be a matter for the Member States.

Winding up, Mr MOSCOVICI said that this type of obligation already existed in certain EU Member States and non-EU countries and had proved its worth. It would enable the Union to continue to lay the foundations for a fairer, more effective and more stable tax system for its taxpayers.

The Commission adopted the proposal for a Council Directive in COM(2017) 335/3 for transmission to Parliament, the Council, the European Economic and Social Committee and national parliaments, and, for information, to the Committee of the Regions and the European Data Protection Supervisor, together with the impact assessment and the summary thereof in staff working papers SWD(2017) 236/2 and SWD(2017) 237, the contents of which were noted.

It also took note of the opinion of the Regulatory Scrutiny Board in SEC(2017) 307.

9. OTHER BUSINESS

9.1. TRILOGUE ON AMENDMENTS TO THE REGULATIONS CONCERNING THE EUROPEAN FUND FOR STRATEGIC INVESTMENTS (EFSI)

The PRESIDENT invited Mr KATAINEN to report on the ongoing work taking place in trilogue concerning the proposal for an ‘EFSI 2.0’ Regulation, amending Regulations (EU) 1316/2013 and (EU) 2015/1017 with a view to extending the duration of the European Fund for Strategic Investments and introducing technical improvements to the Fund and the European Investment Advisory Hub.

Mr KATAINEN explained that the talks were progressing well, but there were two points on which an agreement had still to be reached at the fourth trilogue meeting taking place that day. The first point related to the governance of the European Fund for Strategic Investments and the European Parliament’s request to be able to appoint a representative to the Fund’s Steering Committee. The Committee currently comprised representatives from the Commission and the European Investment Bank, who were responsible for taking strategic decisions in accordance with the applicable procedural rules. He stressed that the European Parliament’s request would blur the line between legislative and decision-making power, adding that Parliament also wanted the salaries of the Fund’s Managing Director and Deputy Managing Director to be paid from the Union budget.

He then referred to the second point, which concerned the financing of the Fund. The Commission had proposed to allocate EUR 150 million of the available margin from the budget, to be supplemented by EUR 500 million from the Connecting Europe Facility, in line with the compromise tabled during the mid-term review of the Multiannual Financial Framework, on which an agreement in principle had been reached with the co-legislators.

However, he explained that the European Parliament refused to accept any reallocation of resources from the Connecting Europe Facility, and had instead proposed drawing on the EUR 650 million earmarked to supply the Fund within the available budgetary margins. Yet, as confirmed by Mr OETTINGER, using solely the resources available within the budgetary margins, as advocated by the Parliament, was not enough to cover the financing requirements of the European Fund for Strategic Investments.

A very short discussion then followed, during which reference was made to the need to maintain a clear distinction between executive and legislative functions in the EU's institutional framework.

The PRESIDENT thanked Mr KATAINEN for the overview of the ongoing discussions at interinstitutional level on the future of the European Fund for Strategic Investments. He noted that the Fund had already mobilised EUR 209 billion of the EUR 315 billion earmarked for investment in the 28 Member States. He acknowledged the excellent work carried out by the Fund under the leadership of its Managing Director. As for discussions at future trilogues, the PRESIDENT noted the College's agreement that the Commission should continue to defend and support its initial proposal regarding the points still outstanding which Mr KATAINEN had mentioned at the meeting.

9.2. FAILED TERRORIST ATTACK IN BRUSSELS ON 20 JUNE 2017

The PRESIDENT invited Sir Julian KING to brief the College with the latest information on the failed attack that had taken place the previous day in Brussels Central Station.

Sir Julian KING pointed out that the attempted attack had come just a few days after the latest attack in London near the entrance to a mosque. He then went over the events in Brussels, expressing relief that, despite what appeared to have been planned by the attacker, the attack had not achieved the desired effect and there had been no innocent victims. He made particular mention of the security forces' extremely fast reaction on the ground.

He also noted that a great deal of progress had recently been made in terms of the exchange of information between the police in the Member States; there had been a change in attitude linked to an awareness of the need to work together to address the same terrorist threat.

Speaking generally, Sir Julian KING insisted that, in order to combat the scourge of terrorism, absolute priority must be given to prevention and the fight against radicalisation, especially by working with civil society and engaging with internet content providers. In conclusion, he added that the Member States were increasingly in favour of cooperation, as shown at international level at the recent G7 Summit held in Taormina on 26 and 27 May, and as they would surely do at EU level at the European Council meeting being held in Brussels the following Thursday and Friday.

The Commission took note of this information.

9.3. PREPARATION FOR THE EUROPEAN COUNCIL (BRUSSELS, 22 AND 23 JUNE 2017) – PROCEDURE FOR TRANSFERRING TWO LONDON-BASED EU AGENCIES TO THE EUROPEAN UNION – THE EUROPEAN MEDICINES AGENCY (EMA) AND THE EUROPEAN BANKING AUTHORITY (EBA)

Mr TIMMERMANS referred to the meeting of the General Affairs Council that had taken place the previous day, during which the issue had been discussed of moving the EU's agencies that were currently based in the United Kingdom, in view of its withdrawal from the EU. At the end of the first day of the European Council meeting that would take place on 22 and 23 June, the PRESIDENT and the President of the European Council

Donald Tusk would propose to the 27 Member States the procedural arrangements for carrying out these transfers. This proposal would include a number of criteria to which the 27 Member States could refer in order to submit applications, and the Council, in the 'Article 50' formation, would then decide where to move the headquarters of the two agencies, following an evaluation by the Commission and ensuring full transparency throughout the process. At the previous day's meeting, some of the Member States had called on the Commission to carry out an initial selection of applications. However, Mr TIMMERMANS pointed out that it was the 27 Member States that were responsible for transfer decisions. He hoped that the governments of the 27 Member States would take a decision as quickly as possible so that the two agencies in question could continue their work without hindrance or interruption, in the general European interest.

Mr TIMMERMANS explained that, at the General Affairs Council's working lunch meeting, Mr OETTINGER had also presented details of the discussion on the future of the EU's finances, which would begin the following week with the adoption of the Commission's latest reflection paper following on from its White Paper on the Future of Europe in 2025. He stated that the presentation had been very well received by the Member States and took their willingness to compromise as an encouraging sign.

The PRESIDENT thanked Mr TIMMERMANS for this useful information.

The Commission took note of these points.

10. SEMINAR / EXCHANGE OF VIEWS TO PREPARE, AS PART OF THE FOLLOW-UP TO THE WHITE PAPER ON THE FUTURE OF EUROPE, A REFLECTION PAPER ON THE FUTURE OF THE EUROPEAN UNION'S FINANCES

The PRESIDENT invited the Members of the Commission to take part in an open and in-depth exchange of views with a view to drafting a reflection paper on the future of the European Union's finances. This reflection paper, the last of a series of five, was a follow-up to the White Paper on the Future of Europe adopted by the Commission on 1 March with a view to launching a wide-ranging public debate and initiating a process at the end of which the 27 Member States would decide on the future of their Union. The first important step had been taken in Rome on 25 March with the Declaration by the leaders of the 27 Member States and the Presidents of the European Council, the European Parliament and the European Commission. The Commission had already approved the first four reflection papers – on the social dimension of Europe, harnessing globalisation, deepening the Economic and Monetary Union and the future of Europe's defence – and would approve the last one, on the future of the Union's finances, at its meeting on 28 June.

Mr OETTINGER and Ms CREȚU stressed the urgent need for a general discussion on the future of Europe's finances given that the EU would see its budgetary resources reduced after the United Kingdom's withdrawal, yet it would have to take on new tasks, and hence new spending, on a long-term basis in fields such as the management of migratory flows and the fight against terrorism, or research activities in the defence sector, to give just a few examples.

Although, as a first step, the Commission could still optimise the use of its budget and the effectiveness of its programmes by developing synergies and avoiding duplication of effort, the case would subsequently have to be made for an increase in the EU's finances on the strength of the added value of collective action at Union level in each policy area concerned.

On a general note, Mr OETTINGER and Ms CREŢU argued that a new comprehensive agreement would have to be reached on the cap on expenditure as a percentage of the Union's GDP, as the current ceiling of 1% would mean significant reductions in the budget after the United Kingdom left the Union. More specifically, they felt that the Member States might have to consider an increase in the Union budget of more than the current maximum, i.e. 1% of national GNI, and that it would therefore be desirable to define new own resources, hence the value and relevance of the analyses and options relating to this issue set out in the report by the high-level group chaired by Mr Mario MONTI.

They went on to say that European citizens already saw the Union budget as too large and ineffectual. The debate on the future of the Union's finances should therefore go hand-in-hand with an effort to explain clearly to public opinion the impact of Union expenditure and its significant added value in order to justify an increase in the longer term.

Mr OETTINGER and Ms CREŢU stressed that, against this general background, the principle of the added value of EU action needed to be defined broadly enough to encompass the full range of benefits it delivered in terms of economies of scale and synergies, or simply by making it possible to accomplish tasks and satisfy needs which could not be achieved by the Member States acting individually.

Moreover, they pointed out that the Union's finances also provided added value in qualitative and political terms, reflected in the promotion and protection of the common values of democracy and the rule of law. It was in this context that consideration should be given to the connection between the use of European funding and Member States' adherence to the Union's values.

During the exchange of views, the Members of the Commission felt that a reform of the own resources system was more necessary than ever in the context of the UK's withdrawal from the Union and the unprecedented challenges which the Union would have to tackle in future. They noted the emergence of a consensus over a reform of expenditure focusing on policies and measures that provided high European added value. The reflection paper offered an opportunity to rethink the whole system of own resources and to identify new resources linked to the Union's political priorities. They also supported the idea of strengthening the connection with access to Union funding, particularly in the context of the country-specific recommendations drawn up as part of the European Semester.

Lastly, they noted the importance of explaining more clearly to European citizens how the Union budget was used in order to prepare the ground for an informed and inclusive debate on the future of the Union's finances.

The PRESIDENT asked Mr OETTINGER and Ms CREŢU to draw the main conclusions from this exchange of views.

Mr OETTINGER said that they would both take into account in the reflection paper, to be laid before the College on 28 June, the preference that been expressed for an ambitious approach focusing on the added value of the Union budget and implementation of its political priorities. Winding up, he pointed out that the main aim of the reflection paper was to open up a wide-ranging public debate on the future of the Union's finances. It would therefore be presented in as simple and accessible a form as possible.

The Commission took note of the results of this exchange of views.

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The meeting closed at 12.41.