EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2017) 2232 final

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Strasbourg, 12 December 2017

TEXTE EN

MINUTES

of the 2232nd meeting of the Commission

held in Strasbourg

(Winston Churchill building)

on Tuesday 14 November 2017

(afternoon)

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<u>Single sitting</u>: Tuesday 14 November 2017 (afternoon)

The sitting opened at 13.12 with Mr JUNCKER, President, in the chair.

<u>Present</u>:

Mr JUNCKER	President	
Mr TIMMERMANS	First Vice-President	Items 1 to 10 (in part)
Ms MOGHERINI	High Representative / Vice-President	Items 1 to 10 (in part)
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 MIMICA	Member	
Mr VELLA	Member	
Mr ANDRIUKAITIS	Member	
Mr AVRAMOPOULOS	Member	
Ms THYSSEN	Member	
Mr MOSCOVICI	Member	
Mr STYLIANIDES	Member	
Mr HOGAN	Member	
Ms BULC	Member	
Ms JOUROVÁ	Member	Items 1 to 10 (in part)
Ms CREȚU	Member	
Mr MOEDAS	Member	
Sir Julian KING	Member	
Ms GABRIEL	Member	

Absent:

Mr ARIAS CAÑETE	Member
Ms BIEŃKOWSKA	Member
Mr NAVRACSICS	Member
Ms VESTAGER	Member

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

Ms LOBILLO BORRERO	Chef de cabinet to Mr ARIAS CAÑETE
Mr HEDBERG	Deputy Chef de cabinet to Ms BIEŃKOWSKA
Ms KIRALY	Chef de cabinet to Mr NAVRACSICS
Mr SCHØNBERG	Senior adviser in Ms VESTAGER's office

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	
Mr SCHINAS	Head of the Spokesperson's Service and Chief Spokesperson of the Commission	
Mr MOTOC	European Political Strategy Centre	
Ms MARTÍNEZ ALBEROLA	Deputy Chef de cabinet to the PRESIDENT	
Mr THOLONIAT	Adviser in the PRESIDENT's Office	
Ms ARKI	PRESIDENT's Office	
Mr PETROCELLI	A member of Ms MOGHERINI's staff	Items 10 (in part) and 11
Mr WYNANDS	Chef de cabinet to Mr DOMBROVSKIS	Items 9 (in part) to 11
Mr BAILLY	Chef de cabinet to Mr MOSCOVICI	
Ms ANDREEVA	Commission Spokesperson's Service	
Mr THYGESEN	Chairman, European Fiscal Board	Item 9
Mr LARCH	Head of Secretariat, European Fiscal Board	Item 9

Secretary: Mr ITALIANER, Secretary-General, assisted by Mr AYET PUIGARNAU, Director in the Secretariat-General.

1. AGENDAS
(OJ(2017) 2232/FINAL)

The Commission took note of that day's agenda.

2. WEEKLY MEETING OF CHEFS DE CABINET
(RCC(2017) 2232)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 13 November.

3. APPROVAL OF THE MINUTES OF THE 2226TH, 2227TH, 2228TH, 2229TH, 2230TH AND 2231ST MEETINGS OF THE COMMISSION (27 SEPTEMBER, 3, 11, 18, 24 OCTOBER AND 8 NOVEMBER)
(PV(2017) 2226; PV(2017) 2226, 2ND PART; PV(2017) 2227; PV(2017) 2227, 2ND PART)

The Commission approved the minutes of its 2226th and 2227th meetings, and decided to hold over approved of the minutes of its 2228th, 2229th, 2230th and 2231st meetings.

4. INTERINSTITUTIONAL RELATIONS
(RCC(2017) 139)

The Commission took note of the record of the meeting of the Interinstitutional Relations Group (IRG) held on Friday 10 November (RCC(2017) 139).

It paid particular attention to the following points.

4.1. LEGISLATIVE MATTERS

i) Trilogues

(point 3.1 of the IRG record)

– Financial rules applicable to the general budget of the Union and amending Regulation (EC) 2012/2002, Regulations (EU) 1296/2013, (EU) 1301/2013, (EU) 1303/2013, (EU) 1304/2013, (EU) 1305/2013, (EU) 1306/2013, (EU) 1307/2013, (EU) 1308/2013, (EU) 1309/2013, (EU) 1316/2013, (EU) 223/2014, (EU) 283/2014, (EU) 652/2014 of the European Parliament and of the Council and Decision 541/2014/EU of the European Parliament and of the Council (Regulation) – GRÄSSLE / ASHWORTH report – 2016/0282 (COD)

The Commission approved the line set out in SI(2017) 500/3.

– Integrated farm statistics and repeal of Regulations (EC) 1166/2008 and (EU) 1337/2011 (Regulation) – DĂNCILĂ report – 2016/0389 (COD)

The Commission approved the line set out in SI(2017) 511.

– Establishment of a European Travel Information and Authorisation System (ETIAS) and amendment of Regulations (EU) 515/2014, (EU) 2016/399, (EU) 2016/794 and (EU) 2016/1624 (Regulation) – GÁL report – 2016/0357 (COD)

The Commission approved the line set out in SI(2017) 518/2.

ii) European Parliament dossier - Results of November II part-session

(point 3.2 of the IRG record)

Ordinary legislative procedure – First reading

– Amendment of Directive 2010/40/EU as regards the period for adopting delegated acts (Decision) – MEISSNER report – 2017/0060 (COD)

The Commission approved the line set out in SP(2017) 710.

iii) Council dossiers

(point 3.3 of the IRG record)

– Establishment of an Entry/Exit System (EES) to register entry and exit data and refusal of entry data of third-country nationals crossing the external borders of the Member States of the European Union, determining the conditions for access to the EES for law-enforcement purposes, and amendment of Regulation (EC) 767/2008 and Regulation (EU) 1077/2011 (Regulation) / Amendment of Regulation (EU) 2016/399 as regards the use of the Entry/Exit System (Regulation) – DÍAZ DE MERA GARCÍA CONSUEGRA reports – 2016/0106 (COD) / 2016/0105 (COD)

The Commission approved the line set out in SI(2017) 504.

– Follow-up of the Commission decision of 26 May 2017 to withdraw Delegated Regulation C(2017) 393 of 2 February 2017 on the adoption of Annex III to Regulation (EU) 1315/2013 of the European Parliament and of the Council on Union guidelines for the development of the trans-European transport network – C(2017) 3722

The Commission approved the line set out in SI(2017) 523/2.

4.2. RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL

iv) Programming of Council business

(SI(2017) 524)

The Commission took note of the information in SI(2017) 524 on the Council meetings between 16 and 29 November.

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

– Position to be taken on behalf of the European Union in the ACP-EU Committee of Ambassadors on the implementation of Article 68 of the ACP-EU Partnership Agreement (Council Decision) – 2017/0286 (NLE)

The Commission approved the line set out in SI(2017) 512.

– European Union priorities for cooperation with the Council of Europe

The Commission approved the line set out in SI(2017) 522/2.

vi) Preparation for Council meeting (Economic and Financial Affairs) (Brussels, 5 December)
(point 4.4 of the IRG record)

– European Union list of non-cooperative tax jurisdictions – Communication from the Commission on an External Strategy for Effective Taxation – COM(2016) 24

The Commission took note of the information in SI(2017) 519/2.

4.3. RELATIONS WITH NATIONAL PARLIAMENTS, THE OTHER INSTITUTIONS AND BODIES, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS

vii) Follow-up to opinions of the Committee of the Regions – Plenary session of May 2017
(point 6.4.1 of the IRG record)

The Commission approved, for transmission to the Committee of the Regions, document SR(2017) 29/2 on the action taken by the Commission on the opinions adopted by that Committee at its session of May 2017.

4.4. OTHER BUSINESS

viii) Ministerial conference of the Contact Group on the Central Mediterranean Route (Bern, 12 and 13 November)
(point 7 of the IRG record)

The Commission approved the line set out in SI(2017) 520 to /3.

5. MONITORING THE APPLICATION OF EUROPEAN UNION LAW

INFRINGEMENTS – URGENT INDIVIDUAL CASE (SEC(2017) 483)

The Commission adopted the decision in SEC(2017) 483.

6. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

6.1. WRITTEN PROCEDURES APPROVED (SEC(2017) 467 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 6 and 10 November.

6.2. EMPOWERMENT (SEC(2017) 468 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 6 and 10 November.

6.3. DELEGATION / SUBDELEGATION OF POWERS (SEC(2017) 469 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 6 and 10 February, as archived in D*e*cide.

6.4. SENSITIVE WRITTEN PROCEDURES (SEC(2017) 470 AND /2)

The Commission took note of the sensitive written procedures for which the time limit expired between 13 and 17 November and of the finalisation written procedures initiated following the weekly meeting of Chefs de cabinet on 13 November.

7. ADMINISTRATIVE AND BUDGETARY MATTERS (SEC(2017) 471 AND /2)

ADMINISTRATIVE MATTERS
(PERS(2017) 117 AND /2)

7.1. DG ENVIRONMENT – EXTENSION OF THE TERM OF OFFICE OF THE EXECUTIVE DIRECTOR OF THE EUROPEAN ENVIRONEMENT AGENCY AT GRADE AD15

On a proposal from Mr OETTINGER, in agreement with the PRESIDENT, and after consulting Mr VELLA and also Mr KATAINEN and Mr ŠEFČOVIČ, the Commission decided:

- to propose to the management board of the European Environment Agency to extend the term of office of the Executive Director, Mr Hans BRUYNINCKX, at grade AD15, for a period of five years from 1 June 2018;

- to instruct Mr VELLA to notify the management board of the European Environment Agency of this decision.

These decisions would take effect immediately.

7.2. DG COMMUNICATION – EXTENSION OF THE POSTING OF THE HEAD OF THE EUROPEAN COMMISSION REPRESENTATION IN BELGIUM

On a proposal from Mr OETTINGER, in agreement with the PRESIDENT, the Commission decided:

- to derogate from Article 2 of Commission Decision C(2008) 3983 of 31 July 2008 on establishing rules on the rotation of officials in Representations, and to extend exceptionally the period of posting of Mr Joseph JAMAR as Head of the Representation in Belgium, from 1 March 2018 to 28 February 2019;

- to approve in the interest of the service, pursuant to Article 52 of the Staff Regulations, the request from Mr Joseph JAMAR to continue working until 28 February 2019.

These decisions would take effect on 1 March 2018.

7.3. DG COMMUNICATION – EXTENSION OF THE POSTING OF THE DEPUTY HEAD OF THE EUROPEAN COMMISSION REPRESENTATION IN THE UNITED KINGDOM

On a proposal from Mr OETTINGER, in agreement with the PRESIDENT, the Commission decided to derogate from Article 2 of Commission Decision C(2008) 3983 of 31 July 2008 on establishing rules on the rotation of officials in Representations, and to extend exceptionally the period of posting of Ms Christine DALBY as Deputy Head of the Representation in the United Kingdom, from 1 September 2018 to 29 March 2019.

This decision would take effect immediately.

7.4. DG HUMAN RESOURCES AND SECURITY – SUSPENSION OF THE TIME LIMIT FOR STATUTORY EXEMPTIONS UNDER ARTICLE 4(5) AND ARTICLE 4(5)(1) OF COMMISSION DECISION C(2011) 3588 OF 27 MAY 2011 ON THE HUMAN AND FINANCIAL RESOURCES ALLOCATED TO THE COMMISSION'S STAFF COMMITTEE

On a proposal from Mr OETTINGER, in agreement with the PRESIDENT, the Commission decided to suspend for a period of six months the implementation, including for ongoing proceedings, of the time limit for statutory exemptions provided for in Article 4(5) and Article 4(5)(1) of Commission Decision C(2011) 3588 of 27 May 2011 on the human and financial resources allocated to the Staff Committee of the European Commission, in order to allow the trade unions to present their point of view on the upcoming review of the legal framework and negotiation process.

This decision would take effect immediately.

7.5. DG HUMAN RESOURCES AND SECURITY – APPROVAL OF A TRANSFER IN THE INTEREST OF THE SERVICE OF AN AD14 OFFICIAL TO FILL THE POST OF HEAD OF THE EU DELEGATION IN COLOMBIA (PERS(2017) 118)

The Commission took note of the information in point 5 of PERS(2017) 117 and, on a proposal from Mr OETTINGER, in agreement with the PRESIDENT, decided to approve the proposal for the transfer in the interest of the service, under Article 95(2) of the Staff Regulations, of Ms Patricia LLOMBART CUSSAC, an AD14 official and currently Director of the ‘Security, infrastructure, budget & IT’ Directorate in the European External Action Service, to the post of Head of the EU Delegation in

Colombia. This decision would serve as a basis for the competent authority of the European External Action Service to make the final transfer.

This decision would take effect immediately.

7.6. DG COMMUNICATION – AMENDMENT OF THE ORGANISATION CHART AND TRANSFER OF AN AD16 OFFICIAL TO FILL THE POST OF HEAD OF THE EU DELEGATION IN SLOVAKIA

On a proposal from Mr OETTINGER, in agreement with the PRESIDENT, the Commission decided:

– to transfer in the interest of the service, under Article 7 of the Staff Regulations, Mr Ladislav MIKO, an AD16 official and currently Deputy Director-General for Food Safety in DG Health and Food Security, to the post of Head of the EU Delegation in Slovakia;

– following this decision, and by derogation from Commission Decision C(2017) 3288 regarding middle management staff, to upgrade the post of Head of the EU Delegation in Slovakia to the level of Deputy Director-General (AD15/16) for the duration of Mr MIKO’s posting.

These decisions would take effect on 1 January 2018.

7.7. DECISION OF THE PRESIDENT OF THE EUROPEAN COMMISSION ON THE ESTABLISHMENT OF A TASK FORCE ON SUBSIDIARITY, PROPORTIONALITY AND ‘DOING LESS MORE EFFICIENTLY’ (C(2017) 7810)

The Commission took note of the PRESIDENT's Decision establishing a Task Force on Subsidiarity, Proportionality and ‘Doing Less More Efficiently’ as set out in C(2017) 7810.

8. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS – STRENGTHENING EUROPEAN IDENTITY THROUGH EDUCATION AND CULTURE – THE EUROPEAN COMMISSION'S CONTRIBUTION TO THE LEADERS' MEETING IN GOTHENBURG (17 NOVEMBER) (COM(2017) 673 AND /2; RCC(2017) 140)

The Commission approved the Communication in COM(2017) 673/2, for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions, and, for information, to the national parliaments.

9. OTHER BUSINESS

9.1. FIRST ANNUAL REPORT OF THE INDEPENDENT EUROPEAN FISCAL BOARD (SEC(2017) 482; RCC(2017) 142)

The PRESIDENT warmly welcomed Mr Niels THYGESEN, chairman of the independent European Fiscal Board for the past year, whom he had invited to present to the College the first annual report of that advisory body. He thanked him for his work, which followed on from the ‘Five Presidents’ Report’ of June 2015 on the deepening of Economic and Monetary Union. This report had been presented by the PRESIDENT in close cooperation with the Presidents of the European Parliament, the European Council, the Eurogroup and the European Central Bank.

Mr THYGESEN thanked the PRESIDENT for doing him the honour of inviting him to the Commission’s weekly meeting. He explained that this first annual report covered the work carried out in all the areas coming within the Board’s mandate (evaluation of the implementation of the Union’s fiscal framework and of the fiscal stance of the euro area, cooperation with the national fiscal institutions in order to define best practices, and making recommendations on the future evolution of the Union's fiscal framework).

He began by observing, from a general viewpoint, that decision-makers on fiscal policy had recently had to withstand two dangerous temptations: firstly, to make economic governance rules more flexible, to the detriment of the long-term sustainability of public finances, and secondly, to apply these rules strictly and rigorously, at the risk of jeopardising the fragile economic recovery.

He then presented the main conclusions drawn from this first annual report, namely that the Stability and Growth Pact had been applied flexibly, resulting in an appropriate fiscal stance for the euro area, but less appropriate if each country was considered individually.

As the rules and procedures became increasingly complex, a greater margin of discretion was left, at the expense of transparency and predictability. In his view the Union's fiscal framework could therefore be made more specific, both within and beyond its current limits.

The Board's first annual report covered 2016, the last year for which a full monitoring cycle had been carried out. Moreover, in his view, it had been a particularly difficult year, with a fragile economic recovery, risks of deflation and excessive recourse to monetary policy instruments. The main challenge to be addressed in this context had been to sustain the recovery by fiscal measures without jeopardising the credibility of the economic governance rules.

He referred to the implementation of the Stability and Growth Pact in the period in question with a margin of flexibility and discretion, particularly with regard to the heavily indebted countries whose fiscal efforts were insufficient. Mr THYGESEN stressed that application of the Pact, with this margin of flexibility and discretion, was preferable to simply bending the rules or applying them rigidly.

In the 2016 fiscal monitoring cycle, the autumn 2015 evaluations had disclosed that the draft budgetary plans of several Member States were at significant risk of non-compliance with the Pact. This risk had ultimately not materialised in the evaluations carried out in spring 2017. This was explained not by higher-than-expected economic growth but rather by the fact that recourse to the margin of discretion and to greater flexibility had made it possible to avoid the risk of non-compliance.

As examples of imperfect application of the Stability and Growth Pact rules, Mr THYGESEN explained that analysis of compliance with these rules was based on two indicators: the change in the structural balance and the public expenditure benchmark, evaluation of which required discernment. The choice of one indicator to the detriment of another had not always been made consistently over time and from one country to another.

Moreover, application of the flexibility clauses, to which Italy had had recourse for the first time in 2016, was subject to implementation of structural reforms, and the ex-post evaluations set out in the country-specific reports had revealed the absence of such reforms.

He pointed out, too, that in May 2016, the Commission had delayed finding ‘failure to take effective action’ in the cases of Spain and Portugal, and had recommended extending certain deadlines.

Similarly, the insufficient reduction by Belgium, Italy and Finland of their debt had not triggered a procedure, on the basis of a very broad interpretation of the concept of ‘other relevant factors’ laid down in the economic governance rules.

In conclusion, he referred to the treatment of the draft budgetary plans presented by caretaker governments. The early or delayed submission of these plans had caused difficulties, as a result of which clarification had been needed of the role played by these governments, which did not have full budgetary powers.

Mr THYGESEN then presented the main recommendations contained in the report, with a view to improving the Stability and Growth Pact.

He referred first to the need to apply the rules more symmetrically in order to take better advantage of the economic situation while it remained favourable. This meant making the recommendations more binding so as to offset past budget shortfalls by a subsequent additional effort.

The Board had found that the sanctions had proved to be inapplicable and should therefore be replaced with an application of the Pact based on incentives. In this regard, he felt that the concept of conditionality should be reinforced in the Union’s budget, thereby enabling positive action to make the Union more effective rather than imposing sanctions.

Structural weaknesses made public finances vulnerable, and it was therefore advisable to strengthen economic resilience and link the Stability and Growth Pact to the Macroeconomic Imbalance Procedure.

Lastly, the complexity of the economic governance rules damaged the system’s transparency and predictability, which was why he was recommending simplifying them. The Board’s report advocated a single operational rule, based on government debt or deficit, and flexibility clauses triggered on the basis of an independent opinion.

With regard to the future evolution of Economic and Monetary Union, Mr THYGESEN stressed that the economic governance framework was still unfinished and referred to a stabilisation function of the euro area. In particular, a central fiscal capacity would make the euro area more resistant to significant shocks, whether symmetrical or asymmetrical.

Greater attention should be paid to crisis prevention rather than making regular adjustments to fiscal policy. Access to a central fiscal capacity should be subject to compliance with national fiscal rules. In addition, in line with the spirit of the Investment Plan for Europe, he advocated setting up a European Investment Protection Scheme, which would make it possible to lend to the Member States and ensure that public investments were not the first affected by cuts to national budgets in the event of an economic slowdown.

Mr THYGESEN wound up by remarking that, as far as the European Fiscal Board was concerned, the Union had managed the main fiscal policy dilemmas that had arisen in 2016 relatively well, striking a reasonable balance between concerns about the viability of some countries and the risk of compromising the economic recovery, or between using a margin of discretion and calling into question the rules of the Stability and Growth Pact.

Although the country-by-country fiscal policy stance had not been optimal and implementation of the Stability and Growth Pact had not been perfect, this middle way had boosted the economic recovery in the euro area.

Against a background of marked improvement in the economic climate, he called for fiscal space to be created as a bulwark against the next slowdown. The flexible nature of the rules ought, he felt, to imply greater efforts in times of growth.

Lastly, creating central fiscal capacity would considerably reinforce the long-term viability of Economic and Monetary Union. In similar vein, a European Investment Protection Scheme seemed more appropriate than any other system.

On a more personal note, Mr THYGESEN said that he had contributed to the work of the ORTOLI Commission from 1973 to 1977, which had produced an initial proposal for Economic and Monetary Union with the creation of a budget evaluated at 2 % of GDP. The proposal had quickly been rejected by the Member States at the time. Today, the Union was once again contemplating an integrated fiscal policy to reinforce its monetary policy and complete Economic and Monetary Union.

Mr MOSCOVICI congratulated Mr THYGESEN on the quality of this first annual report of the independent European Fiscal Board, whose impartial analysis would make a useful contribution to the budgetary surveillance carried out by the Commission.

In particular, he welcomed the Board's confirmation that a slightly expansionary fiscal stance would be appropriate for the euro area in 2017. He noted the Board's finding that the necessary convergence of the Member States was hampered by a failure to spread fiscal efforts appropriately.

The European Semester should be a convergence tool for the European economies which ensured that the benefits of growth were shared more fairly, which was why the Commission was interested in the Board's proposals to improve the fiscal framework and the recommendations it had put forward, under Mr THYGESEN's chairmanship, to offset the pro-cyclical bias of the fiscal rules. Mr MOSCOVICI emphasised the need to simplify the application of the Stability and Growth Pact rules to make governance of Economic and Monetary Union more credible and transparent.

The Board's proposal to link the preventive arm of the Stability and Growth Pact to the macroeconomic imbalance procedure deserved consideration.

The Board had noted the essential role of the national fiscal institutions and the increased transparency of the fiscal policy to which implementation of the 'comply or explain' rule had contributed.

Lastly, the Union should take advantage of the strongest economic growth recorded in the last decade and the favourable political climate to complete Economic and Monetary Union, in particular by creating a stabilisation function.

Mr DOMBROVSKIS thanked Mr THYGESEN for rapidly enhancing the credibility of the European Fiscal Board, whose independence would continue to be guaranteed by the Commission. He also welcomed the conclusions of the first annual report confirming that applying the Stability and Growth Pact – albeit in a flexible manner in order to address particular cases – had helped to boost growth in 2016. As the economic recovery was consolidated, Mr DOMBROVSKIS also called for a gradual return to normal application of the Pact and for the creation of fiscal space to act as a bulwark in more challenging economic times.

Turning to the European Fiscal Board’s recommendations, Mr DOMBROVSKIS supported the idea of reforming the system of incentives and sanctions under the current system of economic governance, particularly in the context of the next multiannual financial framework. The Board was in favour of setting up a European Investment Protection Scheme, which he also felt was the best option in terms of creating a stabilisation function for the euro area.

Taking the floor, Mr KATAINEN thanked Mr THYGESEN for the quality of the Board’s report, which would feed into the Commission’s work on the further development of Economic and Monetary Union. He asked which risks to the stability of the euro area the Board had identified and what action the Commission should consider taking with a view to preventing further crises.

Mr THYGESEN emphasised the importance of the Member States' fiscal institutions, whose role was to help inform the national public debate with a view to subsequently launching discussions with the Union institutions. He also confirmed that the preventive arm of the Pact should be linked to the macroeconomic imbalance procedure.

He highlighted the relevance of the expansionary fiscal policy followed during the crisis to boost growth and the extent of the measures to be taken to consolidate Economic and Monetary Union, in particular completing the banking union.

Lastly, he referred to crisis prevention, noting that there was already a stabilisation mechanism for the euro but that it had been deployed too late; it was necessary to plan ahead on the basis of forward-looking risk analysis. He wound up by saying that discussions on these issues should continue so that economic governance tools could gradually be improved

The PRESIDENT thanked the Board chaired by Mr THYGESEN, which was discharging its duties on a fully independent basis, for its excellent work. He invited Mr THYGESEN to report to the Commission twice a year, if possible, on the Board's work and recommendations, suggesting that the next discussion be scheduled for a weekly Commission meeting in mid-2018.

Until then, he urged Mr DOMBROVSKIS and Mr MOSCOVICI to talk to Mr THYGESEN on a regular basis with a view to the forthcoming presentation of a raft of important measures to complete Economic and Monetary Union.

The Commission took note of this information and these conclusions.

9.2. POLITICAL SITUATION IN MALTA FOLLOWING THE ASSASSINATION OF A JOURNALIST

The Commission referred to the situation in Malta following the assassination of the journalist Daphne Caruana Galizia.

10. POLICY DEBATE AS PART OF THE 2018 EUROPEAN SEMESTER OF ECONOMIC AND BUDGETARY POLICY COORDINATION – PREPARATION OF AUTUMN PACKAGE (SEC(2017) 491; SEC(2017) 104; RCC(2017) 142)

The PRESIDENT invited Mr DOMBROVSKIS, Mr MOSCOVICI and Ms THYSSEN to present the outline of the Autumn Package of the 2018 European Semester of Economic and Budgetary Policy Coordination. The package comprised a set of documents that would be submitted to the College for adoption on 22 November.

The Commission took note of the background notes and the information notes distributed in SEC(2017) 491 and INFO(2017) 104 respectively.

11. OTHER BUSINESS (CONTINUED)

11.1. LAUNCHING THE PERMANENT STRUCTURED COOPERATION (PESCO) AS PART OF THE CONSTRUCTION OF THE EUROPE OF DEFENCE

The PRESIDENT invited Mr KATAINEN to comment briefly on the agreement that had been reached at the General Affairs Council on Monday 13 November on the signing of a joint notification in which 23 Member States stated their wish to participate in a Permanent Structured Cooperation under Article 42(6) and Article 46 of the Treaty on European

Union and the Protocol on Permanent Structured Cooperation. He noted that he had personally advocated cooperation of this type in March 2014 when he had developed his vision of a European Defence Union as part of his election campaign and that he had reiterated this recommendation in two of his State of the Union speeches.

Mr KATAINEN felt that this notification, which would be approved officially in December, was a success for the Commission and a significant step towards a European defence. He pointed out that it was listed in priority 9 of the current Commission's political guidelines, which called explicitly for the implementation of a Permanent Structured Cooperation under the Lisbon Treaty. He assured the College that he, as well as Ms MOGHERINI and Ms BIEŃKOWSKA, was determined to make sure that the interinstitutional process made it possible for this cooperation to become operational in early 2019.

The PRESIDENT thanked Mr KATAINEN and welcomed this very positive development. He closed by asking that it be made more widely known that the Commission was behind this initiative.

The Commission took note of this information.

11.2. SITUATION IN IRAN FOLLOWING THE LATEST EARTHQUAKE

Mr HOGAN said a few words about his recent visit to Iran. He pointed out that the Iranian authorities seemed reluctant to open a Union delegation office in their country. He also spoke of the difficulties facing businesses wishing to invest in Iran.

Mr STYLIANIDES took the opportunity to tell the Commission about the dramatic earthquake that had hit the country, as well as neighbouring Iraq, a few days earlier. He said that the Commission had contacted the Iranian authorities and offered to activate its civil protection mechanism, an offer which still remained unanswered.

The PRESIDENT stressed that the Commission should make the necessary contacts in order to repeat its offer of assistance.

The Commission took note of this information.

11.3. STATE OF PLAY OF TRADE NEGOTIATIONS WITH MERCOSUR

The PRESIDENT suggested carrying over to the Commission's meeting the following week the agenda item planned for that day on the state of play of the trade negotiations with the Mercosur countries.

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The Commission's other discussions on certain agenda items are recorded in the special minutes.

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The meeting closed at 15.02.