EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2017) 2233 final

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Brussels, 10 January 2018

TEXTE EN

MINUTES

of the 2233rd meeting of the Commission

held in Brussels

(Berlaymont)

on Wednesday 22 November 2017

(morning)

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Single sitting: Wednesday 22 November 2017 (morning)

The sitting opened at 10.11 with Mr JUNCKER, President, in the chair.

Present:

Mr JUNCKER	President	
Mr TIMMERMANS	First Vice-President	
Ms MOGHERINI	High Representative / Vice-President	Items 8/9 (in part) to 15
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 ARIAS CAÑETE	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 BIEŃKOWSKA	Member	
Ms JOUROVÁ	Member	
Mr NAVRACSICS	Member	
Ms CREȚU	Member	
Ms VESTAGER	Member	
Mr MOEDAS	Member	
Sir Julian KING	Member	

Absent:

Ms GABRIEL Member

The following sat in to represent an absent Member of the Commission:

Ms BORISSOVA	Chef de cabinet to Ms GABRIEL

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 SWIEBODA	European Political Strategy Centre	
Ms MARTÍNEZ ALBEROLA	Deputy Chef de cabinet to the PRESIDENT	
Mr DELVAUX	Adviser in the PRESIDENT's Office	Items 1 to 9, and 15
Mr THOLONIAT	Adviser in the PRESIDENT's Office	Items 10 to 14
Ms SILLAVEE	PRESIDENT's Office	
Mr WYNANDS	Chef de cabinet to Mr DOMBROVSKIS	Items 1 to 14
Mr COGET	A member of Mr KATAINEN's staff	Item 15 (in part)
Mr KLEINER	Deputy Chef de cabinet to Mr OETTINGER	Item 15 (in part)
Ms ÅSENIUS	Chef de cabinet to Ms MALMSTRÖM	Item 15 (in part)
Ms BERNAERTS	Chef de cabinet to Ms THYSSEN	Items 1 to 14
Mr FELKE	Deputy Chef de cabinet to Mr MOSCOVICI	Items 1 to 14
Ms CHRISTOPHIDOU	Chef de cabinet to Mr STYLIANIDES	Items 1 to 9
Ms ANDREEVA	Commission Spokesperson's Service	
Ms GALLINA	DG Trade	Item 15 (in part)

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

**1. AGENDAS
(OJ(2017) 2233/FINAL; SEC(2017) 484/FINAL)**

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) 2233)**

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 20 November.

**3. APPROVAL OF THE MINUTES OF THE 2228TH, 2229TH, 2230TH, 2231ST AND 2232ND MEETINGS OF THE COMMISSION (11, 18 AND 24 OCTOBER, 8 AND 14 NOVEMBER)
(PV(2017) 2228; PV(2017) 2228, 2ND PART)**

The Commission approved the minutes of its 2228th meeting, and decided to hold over approval of the minutes of its 2229th, 2230th, 2231st and 2232nd meetings until a later meeting.

**4. INTERINSTITUTIONAL RELATIONS
(RCC(2017) 141)**

The Commission took note of the record of the meeting of the Interinstitutional Relations Group (IRG) held on Friday 17 November (RCC(2017) 141).

It paid particular attention to the following points.

4.1. LEGISLATIVE MATTERS

i) Trilogues

(point 3.1 of the IRG record)

– Countering geo-blocking and other forms of discrimination based on customers' nationality, place of residence or place of establishment within the internal market and amendment of Regulation (EC) 2006/2004 and Directive 2009/22/EC (Regulation) – THUN UND HOHENSTEIN report – 2016/0152 (COD)

The Commission approved the line set out in SI(2017) 496 and /2.

– Establishing the European Electronic Communications Code (Directive – recast) – DEL CASTILLO VERA report – 2016/0288 (COD)

The Commission approved the line set out in SI(2017) 531 and /2.

– Cross-border parcel delivery services (Regulation) – ANDERSON report – 2016/0149 (COD)

The Commission approved the line set out in SI(2017) 526/2.

– Approval and market surveillance of motor vehicles and their trailers, and of systems, components and separate technical units intended for such vehicles (Regulation) – DALTON report – 2016/0014 (COD)

The Commission approved the line set out in SI(2017) 527.

– Amendment of Council Directive 87/217/EEC, Directive 2003/87/EC of the European Parliament and of the Council, Directive 2009/31/EC of the European Parliament and of the Council, Regulation (EU) 1257/2013 of the European Parliament and of the Council, Council Directive 86/278/EEC and Council Directive 94/63/EC as regards procedural rules in the field of environmental reporting and repealing Council Directive 91/692/EEC (Decision) – GAMBUS report – 2016/0394 (COD)

The Commission approved the line set out in SI(2017) 533.

– Financial rules applicable to the general budget of the European Union and amendment of 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 and (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) 534/2.

– Amendment of Council Regulation (EC) 1225/2009 on protection against dumped imports from countries not members of the European Community and Council Regulation (EC) 597/2009 on protection against subsidised imports from countries not members of the European Community (Regulation) – FJELLNER report – 2013/0103 (COD)

The Commission approved the line set out in SI(2017) 542.

– Common rules in the field of civil aviation and establishment of a European Union Aviation Safety Agency, and repeal of Regulation (EC) 216/2008 of the European Parliament and of the Council (Regulation) – MARINESCU report – 2015/0277 (COD)

The Commission approved the line set out in SI(2017) 538/2.

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

– Establishing the Body of European Regulators for Electronic Communications (Regulation) – TOŠENOVSKÝ report – 2016/0286 (COD)

The Commission approved the line set out in SI(2017) 532/2.

– Amendment of Regulation (EC) 883/2004 on the coordination of social security systems and Regulation (EC) 987/2009 laying down the procedure for implementing Regulation (EC) 883/2004 (Regulation) – BALAS report – 2016/0397 (COD)

The Commission approved the line set out in SI(2017) 528.

– Approximation of the laws, regulations and administrative provisions of the Member States as regards the accessibility requirements for products and services (Directive) – LØKKEGAARD report – 2015/0278 (COD)

The Commission approved the line set out in SI(2017) 529/2.

4.2. RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL

iii) Programming of Council business
(SI(2017) 546)

The Commission took note of the information in SI(2017) 546 on the Council meetings between 23 November and 6 December.

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

– 11th Ministerial Conference of the World Trade Organisation (WTO) (Buenos Aires, 10 to 13 December)

The Commission approved the line set out in SI(2017) 539.

4.3. RELATIONS WITH PARLIAMENT

v) Action to be taken on Parliament's legislative resolutions and other resolutions of a legal nature
(SP(2017) 717)

The Commission decided to empower the Commission Members 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) 717, drawn up following the November I part-session of Parliament, the contents of which were noted.

vi) Results of Parliament's November I part-session
(SP(2017) 720; SP(2017) 721)

The Commission took note of the information in SP(2017) 720 and SP(2017) 721 on the proceedings of the part-session of Parliament held in Strasbourg from 13 to 16 November.

4.4. 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 European Economic and Social Committee – Plenary session of April 2017
(point 6.3.1 of the IRG record)

The Commission approved document SC(2017) 44/2 on the follow-up by the Commission to the opinions adopted by the European Economic and Social Committee during the April 2017 session, for transmission to that Committee.

4.5. OTHER BUSINESS

viii) Information to the Parliament and the Council on the establishment of investment windows pursuant to Article 9(4) of Regulation (EU) 2017/1601 of 26 September 2017 establishing the European Fund for Sustainable Development (EFSD), the EFSD Guarantee and the EFSD Guarantee Fund – ISC/2017/08215
(point 7 of the IRG record)

The Commission approved the line set out in SI(2017) 541/2.

5. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

5.1. WRITTEN PROCEDURES APPROVED (SEC(2017) 485 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 13 and 17 November.

5.2. EMPOWERMENT (SEC(2017) 486 ET SEQ)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 13 and 17 November.

5.3. DELEGATION / SUBDELEGATION OF POWERS (SEC(2017) 487 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 13 and 17 November, as archived in Decide.

5.4. SENSITIVE WRITTEN PROCEDURES (SEC(2017) 488 AND /2)

The Commission took note of the sensitive written procedures for which the time limit expired between 20 and 24 November and of the finalisation written procedures initiated following the weekly meeting of Chefs de cabinet on 20 November.

6. ADMINISTRATIVE AND BUDGETARY MATTERS (SEC(2017) 489)

ADMINISTRATIVE MATTERS (PERS(2017) 119)

6.1. DG AGRICULTURE AND RURAL DEVELOPMENT – APPOINTMENT OF AD14/15 DIRECTOR (PERS(2017) 114 TO /3)

The Commission had before it applications under Article 29(1)(a)(i) and (iii) of the Staff Regulations for the post of Director of the 'Legal, institutional and procedural matters' Directorate in DG Agriculture and Rural Development (PERS(2017) 114).

It took note of the opinions of the Consultative Committee on Appointments of 19 and 26 October (PERS(2017) 114/2 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 Mr HOGAN, and also Mr ŠEFČOVIČ and Mr KATAINEN, it decided to appoint Mr Michael NIEJAHR to the post.

This decision would take effect on 1 December 2017.

6.2. DG ENVIRONMENT – APPOINTMENT OF AD14/15 DIRECTOR (PERS(2017) 23 TO /4)

The Commission had before it applications under Article 29(1)(a)(i) and (iii) of the Staff Regulations for the post of Director of the 'Quality of Life' Directorate in DG Environment (PERS(2017) 23 and /2).

It took note of the opinions of the Consultative Committee on Appointments of 27 July and 5 October (PERS(2017) 23/3 and /4).

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 Mr VELLA and also Mr ŠEFČOVIČ and Mr KATAINEN, it decided to appoint Ms Veronica MANFREDI to the post.

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

6.3. DG ENVIRONMENT – APPOINTMENT OF AD14/15 PRINCIPAL ADVISER (PERS(2017) 24 TO /4)

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 charge of 'Green Finance and Investments' in DG Environment (PERS(2017) 24 and /2).

It took note of the opinions of the Consultative Committee on Appointments of 26 July and 7 September (PERS(2017) 24/3 and /4).

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 Mr VELLA and also Mr ŠEFČOVIČ and Mr KATAINEN, it decided to appoint Mr Thomas VERHEYE to the post.

This decision would take effect on 1 December 2017.

6.4. DG HUMAN RESOURCES AND SECURITY – COMMISSION TARGETS FOR RECRUITING CROATIAN NATIONALS TO MIDDLE-MANAGEMENT POSTS

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

– exempted from any additional recruitment the Directorates-General that had already recruited Croatian Heads of Unit, while not precluding them from appointing a Croatian national to another middle-management post;

– identified the recruitment targets for each Directorate-General in accordance with the criteria set out in the previous Communications (SEC(2012) 436 and SEC(2013) 190), i.e. the number of middle-management posts and the time remaining before the retirement of middle managers in each Directorate-General;

– consequently, approved the specific recruitment target of a Croatian member of middle management for each of the following Directorates-General: DG Environment; Eurostat; DG Internal Market, Industry, Entrepreneurship and SMEs; Joint Research Centre; DG Research and Innovation; and DG Interpretation;

– invited all the Directorates-General concerned to take the measures they deemed necessary to achieve their target by 30 June 2018 and to take every opportunity that arose in order to achieve it;

– invited the Directorates-General concerned to use the seven reserve lists drawn up following the Croatian Heads of Unit competitions (with a total of 25 candidates available), to examine closely their respective profiles, to identify the posts that may suit them and to fill the posts using the special temporary measures set up by Regulation (EU) 1216/2012 of the European Parliament and of the Council of 12 December 2012;

– mandated DG Human Resources and Security to ensure that the Directorates-General concerned followed up on achieving the relevant targets.

These decisions would take effect immediately.

6.5. DG HUMAN RESOURCES AND SECURITY – REPORT ON THE PROGRESS TOWARDS THE 40% TARGET FOR FEMALE REPRESENTATION IN MANAGEMENT AT THE COMMISSION FOR 2015-2019 *(SEC(2017) 505)*

M. OETTINGER reminded the College of the target the Commission had set itself to have at least 40% of female representation in management posts by the end of this term, in order to provide the Directorates-General with enough time to comply with the target.

The PRESIDENT pointed out that the current figure was 36%. He stressed the effort to be made in the institution’s departments to reach the target to which he personally attached the utmost importance.

The Commission took note of the first quarterly report on the progress towards the 40% target of female representation in management as set out in SEC(2017) 505, and in particular of the recommendation made to the Members of the Commission to discuss the specific situation of Directorates-General and departments falling under their competence on the basis of the figures presented in this report.

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.39881 – OCCUPANT SAFETY SYSTEMS SUPPLIED TO JAPANESE CAR MANUFACTURERS*)
(C(2017) 7670 TO /6; RCC(2017) 146)

The Commission:

- took note of the opinion of the Advisory Committee on Restrictive Practices and Dominant Positions of 20 November in C(2017) 7670/5;

- took note of the final report of the Hearing Officer of 21 November in C(2017) 7670/4;

- adopted in the authentic language (English) the decision in C(2017) 7670/6 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 €34 011 000;

- decided that the decision in C(2017) 7670/6 would be notified to the companies concerned, together with the final report of the Hearing Officer;

- 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. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL AND THE COMMITTEE OF THE REGIONS – STRENGTHENING EU DISASTER MANAGEMENT – 'RESCEU' – SOLIDARITY WITH RESPONSIBILITY (COM(2017) 773 TO /3; RCC(2017) 145)

9. PROPOSAL FOR A DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AMENDING DECISION 1313/2013/EU ON A UNION CIVIL PROTECTION MECHANISM (COM(2017) 772 TO /4; RCC(2017) 145)

Mr STYLIANIDES introduced the proposal, which aimed to strengthen the Union's disaster management capacity. First of all, he noted that the PRESIDENT and the College as a whole had expressed their wish to offer more support to Member States affected by natural disasters, following the fierce fires that had plunged Portugal into mourning in October. Although these fires had demonstrated the usefulness of the current system, they had also revealed its limits, in particular in situations of widespread crisis affecting several countries at the same time. Disasters were tending to grow in number and increase in intensity, in particular because of the impact of climate change, and no Member State was able to deal with these events on its own. Until now, the EU's response to natural disasters had been based exclusively on voluntary contributions from the Member States.

He then presented the main elements of the proposal, starting with 'rescEU', a new structure under its own command and control, intended to provide the EU with the capacity to react in the event of a disaster. This capacity would provide security when national resources were insufficient, so that no Member State would be at risk of finding itself alone in dealing with threats such as fires, floods, hurricanes, earthquakes and epidemics. This instrument was not designed to replace local, regional or national capacities, and Member States retained the primary responsibility for prevention and intervention in the event of a disaster. Moreover, the Commission proposal was not intended to increase red tape, but to provide practical assistance to citizens as effectively as possible. Member States would also be encouraged to make their own capacities available in a European civil protection reserve.

Mr STYLIANIDES further noted that the proposal was based on a second pillar, that of responsibility. In this context, prevention and preparedness for crises were essential for reacting effectively to natural disasters. The Commission would also help Member States to develop more uniform risk assessment and management plans, which was not the case today.

Mr STYLIANIDES thanked the Members of the College for the extraordinary support that all of them had provided over the last few weeks and pointed out that this proposal followed the commitment given by the PRESIDENT to the European Council only one month ago. He concluded by emphasising that work in this field was only at an early stage and called on the Members of the College to continue the excellent cooperation that had characterised the preparation of the communication and the proposal for a decision of the European Parliament and of the Council.

In the course of the discussion that followed, the Commission raised the following main points:

– the importance of linking the allocation of resources from the Cohesion Fund and the Solidarity Fund in particular to the development of national or regional risk assessment and management plans; in this context, a reminder of the contribution, announced the previous day, of 28 million euros from Cohesion Policy funds towards regenerating economic activity in the region of Umbria, in Italy, which had been affected by severe earthquakes;

– the suggestion to set up a European day of reforestation in order to raise citizens' awareness of the problem of managing forests;

- the possibility of expanding the scope of and increasing the resources allocated to ‘rescEU’ in the medium term if a detailed evaluation of the instrument’s initial results were to demonstrate its usefulness and effectiveness;
- the observation that voluntary solidarity instruments did not work evenly in the Member States, hence the added value of complementary capacity at EU level;
- the case for taking inspiration from the model of sharing and pooling resources set out in the proposal in other key fields such as defence and security;
- the suggestion to include oil spills among the disasters that could trigger an intervention;
- the possibility of integrating other projects, in particular in the field of transport, and of thinking about digital solutions to maximise the effect of the mobilised resources;
- the need to limit, from the outset, the risks and costs generated by decisions taken at local level without the backing of a risk analysis, in particular in the field of urban planning.

The PRESIDENT thanked Mr STYLIANIDES for his outstanding work in preparing this proposal that he had asked for personally at the meeting of the Commission on 18 October and which he considered particularly important for responding to citizens’ questions and needs. He stressed that this initiative was intended to supplement the action of the Member States in order to strengthen EU disaster management, without replacing the specialised bodies at national, regional or local level. He concluded by welcoming the method of cooperation set up between the Members of the Commission, which had enabled this excellent result to be achieved in a very short period of time.

Following this presentation, the PRESIDENT confirmed the formal adoption of the communication and the legislative proposal currently set out in documents COM(2017) 773/3 and COM(2017) 772/4 respectively, by a finalisation written procedure, for which the time-limit was set at 10.00 on Thursday, 23 November 2017 (PE/2017/8060 and PE/2017/8059).

10. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN CENTRAL BANK, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE, THE COMMITTEE OF THE REGIONS AND THE EUROPEAN INVESTMENT BANK – ANNUAL GROWTH SURVEY 2018
(COM(2017) 690 TO /3; RCC(2017) 144)

11. RECOMMENDATION FOR A COUNCIL RECOMMENDATION ON THE ECONOMIC POLICY OF THE EURO AREA
(COM(2017) 770; SWD(2017) 660 ; RCC(2017) 144)

12. REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN CENTRAL BANK AND THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE – ALERT MECHANISM REPORT 2018
(COM(2017) 771; SWD(2017) 661 ; RCC(2017) 144)

13. DRAFT JOINT EMPLOYMENT REPORT FROM THE COMMISSION AND THE COUNCIL ACCOMPANYING THE COMMUNICATION FROM THE COMMISSION ON THE ANNUAL GROWTH SURVEY 2018
(COM(2017) 674; RCC(2017) 144)

14. PROPOSAL FOR A COUNCIL DECISION ON GUIDELINES FOR THE EMPLOYMENT POLICIES OF THE MEMBER STATES
(COM(2017) 677; RCC(2017) 144)

The PRESIDENT invited Mr DOMBROVSKIS, Mr MOSCOVICI and Ms THYSSEN to present the set of documents in the Autumn Package of the European Semester for the coordination of economic and budgetary policies for

2018.

Mr DOMBROVSKIS pointed out that this set of documents had been drawn up in the light of the Commission’s autumn economic forecasts, published on 9 November, and on the basis of the in-depth policy debate held by the College on 14 November. It contained a general part, with (i) the Annual Growth Survey, (ii) the Alert Mechanism Report, (iii) the Recommendation on the Economic Policy of the Euro Area, (iv) the Draft Joint Employment Report from the Commission and the Council, and (v) the Proposal for a Council Decision on Guidelines for the Employment Policies of the Member States, and a budgetary part, with (vi) an overall evaluation communication and the 18 Commission opinions on the draft budgetary plans submitted by the euro area Member States, with the exception of Greece, which was not included in this exercise, and (vii) a number of decisions under the Stability and Growth Pact. Decisions on the budgetary part would be taken by written procedure.

He did not enter into the details of each document, which the College had discussed at length the previous week, but focused, as Mr MOSCOVICI and Ms THYSSEN were also going to do, on the main messages or new features they contained.

Mr DOMBROVSKIS began by pointing out that the cycle of economic and fiscal policy coordination under the 2018 European Semester was beginning against a backdrop of sustained economic activity in the euro area and the Union; employment was at exceptionally high levels and unemployment was falling back to pre-crisis levels. This context was the basis of the 2018 Annual Growth Survey.

He felt that the Commission’s approach was justified by the Member States’ improved situation and performances, as was its continued focus on investment, structural reforms and responsible fiscal policies, in order to take advantage of the current momentum to address the significant remaining challenges. Since all the Member States were contributing to this growth dynamic, the priority today was to maintain this momentum, ensure that growth benefited all citizens and make the European economy both more productive and more resilient. The set of documents presented that day reflected the recent announcement of the European Pillar of Social Rights at the Gothenburg Social Summit on 17 November.

Mr DOMBROVSKIS also highlighted the main conclusion of the Recommendation on the Economic Policy of the Euro Area. In this proposal addressed to the Council, the Commission recommended a broadly neutral fiscal stance and a balanced policy mix for the euro area as a whole. This approach involved supporting investment and improving both the quality and composition of public finances, while fostering resilience, rebalancing and the convergence of European economies through the completion of the Single Market, particularly in the services sector, reforms that promoted equal opportunities and access to the labour market, continued work on the Banking Union and completion of Economic and Monetary Union.

He then referred to the Report on the Alert Mechanism, which was designed to prevent or correct macroeconomic imbalances that hindered the smooth functioning of the economies of the euro area Member States or of the EU as a whole. The report proposed that in-depth reviews be drawn up on 12 Member States (Bulgaria, Croatia, Cyprus, France, Germany, Ireland, Italy, the Netherlands, Portugal, Slovenia, Spain and Sweden) as part of the annual country reports to be presented by the Commission in February 2018.

With regard to the budgetary part of the exercise, Mr DOMBROVSKIS said that only two Member States, Spain and France, were still subject to the corrective arm of the Stability and Growth Pact, i.e. under an Excessive Deficit Procedure. France's draft budgetary plan was at risk of non-compliance with the requirements of the Pact for 2018, while Spain’s was considered to be broadly compliant with these requirements.

He also noted the almost equal distribution of the Member States subject to the preventive arm of the Stability and Growth Pact between (i) the six Member States whose draft budgetary plans were compliant with the Pact (Germany, Lithuania, Luxembourg, Latvia, Netherlands and Finland), (ii) the five countries whose draft budgetary plans were broadly compliant with the Pact (Estonia, Ireland, Cyprus, Malta and Slovakia) and (iii) the five Member States whose draft budgetary plans were at risk of non-compliance with the Pact (Austria, Belgium, Italy, Portugal and Slovenia).

The Commission was asking the five Member States in this third category to take all the necessary measures as part of their national budgetary processes to ensure that their 2018 budgets complied with the Pact, and was inviting the five Member States in the second category to be prepared to take additional measures to that end.

With regard to Italy, which was the most complex case, following the Commission's policy debate on 14 November Mr MOSCOVICI and he had prepared a letter to the Italian finance minister, expressing their concerns, asking for clarification and announcing the Commission's intention, in spring 2018, of reassessing the compliance of the Italian debt with the rules of the Stability and Growth Pact.

Mr DOMBROVSKIS referred briefly to the very high level of Italian government debt since 2015. The excessive deficit procedure had not been opened because the 'relevant factors' did not justify doing so in 2016, particularly since the Italian draft budgetary plan had been considered to be broadly compliant and Italy had benefited from all the flexibility arrangements provided for in the current rules. The 2018 draft budgetary plan was at risk of non-compliance, even taking into account the margin of discretion and the reduction in the structural effort required, from 0.6% to 0.3% of GDP. This was why, in his view, the Commission was calling on Italy to take all the necessary measures to ensure, under its domestic budgetary process, that its 2018 budget was compliant with the Stability and Growth Pact.

Winding up his presentation, Mr DOMBROVSKIS mentioned two other decisions under the Stability and Growth Pact, with (i) the Commission recommendation to close the excessive deficit procedure for the UK, and (ii) its proposal that the Council address to Romania, in view of its failure to take effective action, a revised recommendation to correct a significant deviation from the adjustment path towards the medium-term budgetary objective.

M. MOSCOVICI returned to the economic recovery forming the backdrop to the set of Economic and Fiscal Governance documents presented that day. This recovery was no longer fragile, since it had been maintained throughout the Union for 17 consecutive quarters and the growth recorded in certain Member States had been even higher than potential growth.

However, when drawing up these recommendations, the Commission must take into consideration two risks and two essential requirements. The first risk would be to continue to support activity as in the previous year. This explained why the Commission was making a first significant adjustment by recommending a neutral fiscal stance for the euro area. The second risk, in his view, would be to tighten fiscal policy. This would be over-hasty given that the soundness of the recovery had not been confirmed and the most vulnerable Europeans were still suffering the effects of the economic, financial and social legacy of ten years of crisis. The first essential requirement was therefore to press ahead with the reforms in order to obtain not just more growth but also more cohesion and fewer inequalities, as indicated by the Annual Growth Survey and the Recommendation for the euro area. The second was to avoid a weakening of the current growth curve or an over-heating of the economy, and this warranted taking measures to correct imbalances and prevent new bubbles from emerging.

Mr MOSCOVICI ended by welcoming the balance the package had struck between these different risks and the fact that it took account of the imperatives mentioned *inter alia* in the Commission’s opinions on the draft budgetary plans of the Member States.

Ms THYSSEN welcomed the fact that the European Pillar of Social Rights announced officially at the Gothenburg Social Summit on 17 November was already being put into practice thanks to its incorporation into the European Semester for the coordination of economic and budgetary policies.

The Annual Growth Survey confirmed the vital role of the European Semester in helping Member States implement the Pillar, while the Draft Joint Employment

Report assessed tangible results (i) by monitoring, on the new social scoreboard, the Member States' performance compared against the principles of the European Pillar of Social Rights on the basis of 14 indicators, and (ii) by reviewing social reforms and employment reforms recently implemented at national level. This draft Report would be jointly adopted by the Commission and the Council in March of next year.

Today, by way of a supplementary measure, the Commission was adopting a proposal to amend the employment guidelines with a view to fully aligning them with the European Pillar of Social Rights, as they provided the legal basis for future Country Specific Recommendations. In other words, the European Pillar of Social Rights would continue to guide the Commission throughout the European Semester cycle.

Ms THYSSEN felt that the current positive situation offered the opportunity to continue to place social policy at the heart of the Union's policy programme. Indeed, there were challenges in this area – increasing numbers of people wishing to work or work more, slow wage growth, household income – albeit rising throughout the Union – still below pre-crisis levels, and the rate of people at risk of poverty stable but still high.

For that reason, she took the view that the Union should continue its social investment policies, (i) in terms of education and skills in order to produce motivated citizens and workers who were equipped for today's world of work; (ii) in terms of employment in order to compensate for the ageing population and preserve future growth and (iii) in terms of adapting welfare systems in order to respond, in particular, to new forms of work.

In the course of the discussion that followed, the Commission raised the following main points:

– the excellent management of the European Semester process;

- the welcome emphasis placed on education, resilience and investment in the Annual Growth Survey;

- Country Specific Recommendations would better reflect the European Pillar of Social Rights, in particular as regards education and skills, with a view to enhancing the resilience of citizens and European society;

- the euro area recommendation should reiterate the principle that periods of recovery should be used to pursue – rather than wind down – structural reforms in the Member States;

- as regards the opinion on the Draft Budgetary Plan of Italy, it was hoped that the Commission's letter to the Italian authorities would allow the Italian government to take the necessary measures and enable the Italian public to realise what the real fiscal situation of their country was.

The PRESIDENT touched upon the letter signed by Mr DOMBROVSKIS and Mr MOSCOVICI, the two Members of the Commission empowered to take decisions on the coordination of economic and fiscal policies under the current rules. He asked for the document to be handed out so that the other Members of the College could read it. However, he wished the Italian government to be the first to hear of it.

Mr MOSCOVICI said that the Commission's letter to the Italian Minister for Finance would be published on its website during the press conference at which a presentation would be made of all the documents of the new European Semester. It faithfully and accurately reflected the conclusions of the policy debate held by the College the previous week with, at this stage, a letter highlighting concerns pertaining to the Italian fiscal situation and the announcement of a new stage in May 2018.

Mr DOMBROVSKIS explained that if the situation did not improve, the Commission might adopt a report under Article 126(3) TFEU in May and open an excessive deficit procedure.

The PRESIDENT wound up the discussion by asking Mr DOMBROVSKIS and Mr MOSCOVICI to confirm that ongoing talks on deepening Economic and Monetary Union were progressing as planned. The results would be presented on 6 December. He proposed that the weekly preparatory meeting of chefs de cabinet take place at 3 p.m. on Tuesday 5 December to ensure that the Commission proposals were communicated smoothly.

Following these presentations, the Commission:

– approved the report set out in COM(2017) 690/3 for transmission to Parliament, the Council, the European Central Bank, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank, and, for information, to the national parliaments;

– adopted the recommendation for a Council recommendation set out in COM(2017) 770 for transmission to the Council and, for information, to Parliament, the European Central Bank, the European Economic and Social Committee, the Committee of the Regions, the European Investment Bank and the national parliaments, together with the staff working document distributed as SWD(2017) 660, the contents of which were noted;

– approved the report set out in COM(2017) 771 for transmission to Parliament, the Council, the European Central Bank and the European Economic and Social Committee and, for information, to the Committee of the Regions, the European Investment Bank and the national parliaments, together with the staff working document distributed as SWD(2017) 661, the contents of which were noted;

– approved the draft joint report set out in COM(2017) 674 for transmission to Parliament, the Council, the European Central Bank, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank, and, for information, to the national parliaments;

– adopted the proposal for a Council Decision set out in COM(2017) 677 for transmission to Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, and, for information, to the national parliaments.

Moreover, in the same 2018 European Semester Autumn Package, the Commission communication on the overall assessment of the Draft Budgetary Plans for 2018, instruments relating to procedures linked to compliance with the Stability and Growth Pact concerning the UK and Romania and the Commission's opinions on the 18 draft budgetary plans received from the Member States in the euro area would be adopted by written procedure pursuant to Article 12(5) of the Rules of Procedure, the deadline for which was set at 11 a.m. on Wednesday 22 November 2017 (PE/2017/8151, PE/2017/8119, PE/2017/8120, PE/2017/8121, PE/2017/8117, PE/2017/8124, PE/2017/8113, PE/2017/8122, PE/2017/8106, PE/2017/8108, PE/2017/8112, PE/2017/8115, PE/2017/8107, PE/2017/8147, PE/2017/8123, PE/2017/8110, PE/2017/8109, PE/2017/8114, PE/2017/8118, PE/2017/8116, PE/2017/8125 and PE/2017/8111 respectively).

15. OTHER BUSINESS

15.1. STATE OF PLAY OF TRADE NEGOTIATIONS BETWEEN THE EUROPEAN UNION AND MERCOSUR

At the PRESIDENT's request, on their return from visiting Argentina and Brazil on 9 and 10 November, and at the end of a cycle of negotiations in Brasilia held that same week, Mr KATAINEN, Mrs MALMSTRÖM and Mr HOGAN reported to the Commissioners on the state of play of the negotiations on concluding an association agreement between the Union and the four Mercosur countries (Argentina, Brazil, Paraguay and Uruguay).

15.2. GENERAL BUDGET OF THE EUROPEAN UNION FOR 2018 (INFO(2017) 108)

Mr OETTINGER reported to the Commissioners on the outcome of the interinstitutional negotiations on the general budget of the European Union for 2018. He informed them that the agreement of the European Parliament and the Council had been secured on the proposal submitted in May 2017 by the Commission following a conciliation meeting, the third to be held on 17 November, that had continued into the small hours of the next day.

He regarded the agreement made as a satisfactory result and held that the 2018 budget corresponded entirely to the priorities of the Commission, the European Parliament and the Council, *inter alia* with respect to growth, youth, security and migration. The agreed budget was fairly similar to the Commission’s initial ambitious proposal, with a substantial increase in allocations to, for example, the Horizon 2020, Erasmus and the Youth Employment Initiative programmes, while being cautious overall, as it allowed for limited margins.

In 2018 commitment appropriations would thus total EUR 160.1 billion, up 0.2% on the 2017 budget, resulting in a margin below the EUR 1.6 billion ceiling for commitment appropriations fixed by the multiannual financial framework, which should give the Commission some room for manoeuvre and a certain flexibility.

At the same time, total payment appropriations for 2018 were set at EUR 144.7 billion, up 14.1% on 2017, bearing in mind the last amending budget for 2017, which cut payment appropriations by EUR 7.7 billion. He noted that the available margin under the ceiling set by the multiannual financial framework amounted to EUR 11 billion in terms of payment appropriations.

As far as the overall budget approval process was concerned, Mr OETTINGER regretted the fact that Member States rarely sent anyone at ministerial or even ambassadorial level to represent them. He also bemoaned the aggressive stance adopted in the talks, which sometimes came down to a head-on clash between Member States that were net contributors, seeking budget cuts without necessarily providing any grounds for them, and those Member States which were net beneficiaries, keen to hold on to the funds for allocation to them at any cost. The European Parliament had a broader view of things, but MEPs were frequently divided among themselves, weakening its bargaining position in relation to the Council.

Mr OETTINGER added that the budget architecture had its limitations, in providing for fixed funding for cohesion and agriculture, when Member States experienced delays in implementing their own cohesion funds without any direct consequences for them. He also noted that opposition between the Council and the European Parliament was strong with respect to the Horizon 2020 programme, which the Council wanted to reduce and the Parliament to increase, and a solution was only found by drawing on the budget margins by way of the budget flexibility instruments. On this point, he emphasised the fact that further budget flexibility was now highly limited.

He also pointed out that funding for Turkey had been debated at length, resulting in a reduction in pre-accession financing, making it possible to respond to the European Parliament’s other priorities – the Central Mediterranean migratory route, the Balkans, humanitarian assistance and development aid. In doing so, budget margins had been created which could be brought into use to finance the extension of the Facility for Refugees in Turkey.

Mr OETTINGER ended his presentation by indicating that negotiations on the 2019 budget and the next multiannual financial framework were likely to be difficult, bearing in mind the uncertainties relating to Turkey and to the conditions resulting from the withdrawal of the United Kingdom from the Union.

The Commission took note of this information and of the note distributed as INFO(2017) 108.

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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 11.36.