EUROPEAN COMMISSION

SECRETARIAT-GENERAL

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Brussels, 21 February 2018

TEXTE EN

MINUTES

of the 2238th meeting of the Commission

held in Brussels

(Berlaymont)

on Wednesday 10 January 2018

(morning)

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<u>Single sitting</u>: Wednesday 10 January 2018 (morning)

The sitting opened at 09.46 with Mr JUNCKER, President, in the chair.

<u>Present</u>:

Mr JUNCKER	President	
Mr TIMMERMANS	First Vice-President	
Ms MOGHERINI	High Representative / Vice-President	Items 7 (in part) and 8 (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 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 BIEŃKOWSKA	Member	
Ms JOUROVÁ	Member	
Mr NAVRACSICS	Member	
Ms CREȚU	Member	
Ms VESTAGER	Member	
Mr MOEDAS	Member	
Sir Julian KING	Member	
Ms GABRIEL	Member	

Absent:

Ms BULC	Member

<u>The following sat in to represent an absent Member of the Commission</u>:

Mr FAJARDO	Deputy Chef de cabinet to Ms BULC

<u>The following also sat in</u>:

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	
Ms METTLER	Head of the European Political Strategy Centre	
Ms MARTÍNEZ ALBEROLA	Deputy Chef de cabinet to the PRESIDENT	
Ms KRAMER	Director of Coordination and Administration in the PRESIDENT's Office	Item 8
Ms CANENBLEY	Adviser in the PRESIDENT's Office	Item 8
Ms ARKI	PRESIDENT's Office	
Mr SMULDERS	Chef de cabinet to Mr TIMMERMANS	Items 1 to 7 (in part)
Mr HAGER	Chef de cabinet to Mr OETTINGER	Item 8
Mr SCHULTE	A member of Mr OETTINGER's staff	Item 8
Ms ANDREEVA	Commission Spokesperson's Service	
Ms CALVIÑO	Director-General, DG Budget	Item 8

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

The PRESIDENT opened the meeting by offering the Members of the Commission his best wishes for 2018 and wishing them an excellent year both personally and professionally.

* * *

The PRESIDENT expressed his deep regret at the news, on 7 January, of Mr Peter SUTHERLAND's death. Mr SUTHERLAND was a Member of the Commission from 1985 to 1989, responsible first for social affairs and later for competition. He was also Director-General of the World Trade Organisation and he was the United Nations Special Representative of the Secretary General for migration until just a few months ago.

Mr SUTHERLAND would be remembered as a great statesman, a great Irishman and a great European whom the PRESIDENT had known personally throughout his European and international career. The PRESIDENT remembered this man, who he called extraordinary, as having strong faith in the action of the European Union and the international organisations with regard to cooperation and multilateral dialogue. He pointed out that he was one of the founding fathers of the Erasmus programme and that he had helped shape the internal market and competition policy as we know them today.

In closing, the PRESIDENT stressed that Mr SUTHERLAND's involvement and activities in the fields of trade, politics, migration and international public life would remain etched on peoples' minds.

On behalf of the Commission and of himself the PRESIDENT expressed his deepest sympathy to Mr SUTHERLAND's family and friends.

* * *

1. AGENDAS
(OJ(2018) 2238/FINAL; SEC(2018) 2238/FINAL)

The Commission took note of that day's agenda and of the tentative agendas for forthcoming meetings. It also noted the addition to the agenda of that day's meeting of item 6 on an administrative decision.

2. WEEKLY MEETING OF CHEFS DE CABINET
(RCC(2018) 2238)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 8 January.

3. APPROVAL OF THE MINUTES OF THE 2233RD, 2234TH, 2235TH, 2236TH AND 2237TH MEETINGS OF THE COMMISSION (22 AND 29 NOVEMBER, AND 6, 12 AND 20 DECEMBER 2017)
(PV(2017) 2233/2; PV(2017) 2233, 2ND PART ; PV(2017) 2234)

The Commission approved the minutes of its 2233rd and 2234th meetings and decided to hold over approval of the minutes of its 2235th, 2236th and 2237th meetings for a later meeting.

4. INTERINSTITUTIONAL RELATIONS
(RCC(2018) 1)

The Commission took note of the record of the meeting of the Interinstitutional Relations Group (IRG) held on Friday 5 January (RCC(2018) 1).

It paid particular attention to the following points.

4.1. LEGISLATIVE MATTERS

i) European Parliament dossiers – January part-session
(point 3.2 of the IRG record)

Ordinary legislative procedure – First reading

– Conservation of fishery resources and protection of marine ecosystems through technical measures, amendment of Council Regulations (EC) 1967/2006, (EC) 1098/2007, (EC) 1224/2009 and Regulations (EU) 1343/2011 and (EU) 1380/2013 of the European Parliament and of the Council, and repeal of Council Regulations (EC) 894/97, (EC) 850/98, (EC) 2549/2000, (EC) 254/2002, (EC) 812/2004 and (EC) 2187/2005 (Regulation) – MATO report – 2016/0074 (COD)

The Commission approved the line set out in SP(2018) 1.

– Management, conservation and control measures applicable in the Convention Area of the South Pacific Regional Fisheries Management Organisation (SPRFMO) (Regulation) – ENGSTRÖM report – 2017/0056 (COD)

The Commission approved the line set out in SP(2018) 2 and /2.

– ‘Clean energy’ package – Promotion of the use of energy from renewable sources (Directive – recast) – BLANCO LÓPEZ report – 2016/0382 (COD)

The Commission approved the line set out in SP(2018) 3 and /2.

– ‘Clean energy’ package – Amendment of Directive 2012/27/EU on energy efficiency (Directive) – POCHE report – 2016/0376 (COD)

The Commission approved the line set out in SP(2018) 4.

– ‘Clean energy’ package – Governance of the Energy Union – Amendment of Directive 94/22/EC, Directive 98/70/EC, Directive 2009/31/EC, Regulation (EC) 663/2009, Regulation (EC) 715/2009, Directive 2009/73/EC, Council Directive 2009/119/EC, Directive 2010/31/EU, Directive 2012/27/EU, Directive 2013/30/EU and Council Directive (EU) 2015/652 and repeal of Regulation (EU) 525/2013 (Regulation) – TURMES / RIVASI report – 2016/0375 (COD)

The Commission approved the line set out in SP(2018) 5.

4.2. RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL

ii) Programming of Council business

(SI(2018) 4)

The Commission took note of the information in SI(2018) 4 on the Council meetings between 11 and 24 January.

iii) Latest developments in the Council

(point 4.4 of the IRG record)

– European Union list of non-cooperative jurisdictions for tax purposes – Council conclusions adopted on 5 December 2017 (document 15429/17)

The Commission approved the line set out in SI(2018) 1 and /3.

4.3. RELATIONS WITH PARLIAMENT

iv) Action taken on the non-legislative resolutions adopted by Parliament at its October II part-session

(point 5.6.2 of the IRG record)

The Commission approved, for transmission to Parliament, document SP(2018) 7 on the action taken on the non-legislative resolutions adopted by Parliament at its October II part-session.

v) Action taken on legislative opinions and non-legislative resolutions adopted by Parliament at its November I and II part-sessions
(point 5.6.3 of the IRG record)

The Commission approved SP(2018) 8 on the action taken on the legislative opinions and non-legislative resolutions adopted by Parliament at its November I and II part-sessions, for transmission to Parliament.

vi) Participation by Members of Parliament in international conferences
(point 5.7 of the IRG record)

– 62nd session of the Commission on the Status of Women (CSW62) of the UN Economic and Social Council (ECOSOC) (New York, 12 to 23 March 2018)

The Commission agreed to the request to the PRESIDENT from Mr Antonio TAJANI, the President of the European Parliament, concerning the attendance of eight Members of Parliament at the above-mentioned meeting, from 18 to 22 March, as observers in the EU delegation, with a reminder about the procedure to be followed as set out in SP(2018) 9.

5. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

5.1. WRITTEN PROCEDURES APPROVED (SEC(2017) 544 ET SEQ.; SEC(2018) 42 ET SEQ.)

The Commission took note of the Secretariat-General’s memoranda recording decisions adopted between 18 December 2017 and 5 January 2018.

5.2. EMPOWERMENT (SEC(2017) 545 ET SEQ.; SEC(2018) 43 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 18 December 2017 and 5 January 2018.

5.3. DELEGATION / SUBDELEGATION OF POWERS (SEC(2017) 546 ET SEQ.; SEC(2018) 44 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 18 December 2017 and 5 January 2018, as archived in Decide.

5.4. SENSITIVE WRITTEN PROCEDURES (SEC(2018) 45)

The Commission took note of the sensitive written procedures for which the time limit expired between 3 and 12 January 2018.

6. ADMINISTRATIVE AND BUDGETARY MATTERS SEC(2018) 46)

ADMINISTRATIVE MATTERS
(PERS(2018) 1)

DG EDUCATION, YOUTH, SPORT AND CULTURE – INTERNAL PUBLICATION OF THE VACANCY NOTICE FOR AN AD15/16 DIRECTOR-GENERAL
(PERS(2018) 2)

On a proposal from Mr OETTINGER, in agreement with the PRESIDENT, and after consulting Mr NAVRACSICS and also Mr ANSIP, Mr DOMBROVSKIS and Mr KATAINEN, the Commission decided to authorise the publication, under

Article 29(1)(a)(i) and (iii) of the Staff Regulations, of the vacancy notice in PERS(2018) 2 for the post of Director-General of the Directorate-General for Education, Youth, Sport and Culture.

This decision would take effect immediately.

7. OTHER BUSINESS

7.1. INSTITUTIONAL PRIORITIES FOR 2018 ON THE BASIS OF THE JOINT DECLARATION BY THE PRESIDENTS OF THE EUROPEAN PARLIAMENT, THE COUNCIL AND THE COMMISSION FOR 2018-2019

Mr TIMMERMANS gave an overview of the institutional priorities for 2018, with a reminder that there were now only 15 months left before the next European elections to ensure that the current Commission's proposals were adopted by the co-legislators.

He began by noting that the Commission's credibility with its institutional partners and the public had increased thanks to the organisation of its work around its ten political priorities, which, by definition, related to key issues. The self-discipline that the Commission had imposed on itself by its approach aimed at Better Law-making had shown the value of that approach and should be continued so as to be embedded in the Commission's working methods.

Nevertheless, however relevant the proposals submitted to the co-legislators, what counted at the end of the day was the quality of the compromises reached between the co-legislators and the time taken to achieve them.

Mr TIMMERMANS reminded the meeting that in the margins of the European Council meeting in December 2017, the PRESIDENT had signed a Joint Declaration on the EU's legislative priorities for 2018-19 with Antonio TAJANI, the President of the European Parliament, and

Jüri RATAS, the Prime Minister of Estonia and President of the Council. The first Joint Declaration on the legislative priorities for 2017, signed in 2016 in accordance with the Interinstitutional Agreement on Better Law-making, had borne fruit. Although not all the proposals in that declaration had been adopted, the co-legislators' commitment to focusing their efforts on certain legislative priorities and on monitoring the progress made had enabled significant advances to be made.

This year's Joint Declaration included 31 legislative proposals, which had already been presented by the Commission in 2017 or would be presented in 2018; these would be given priority treatment by the European Parliament and the Council with a view to being adopted before the European elections. The three institutions also undertook to continue their efforts to adopt, in the same period, the 44 proposals set out in the previous Declaration, which were already going through the legislative procedure.

He highlighted the positive effect of this shared action programme in promoting a more united and inclusive Union by fostering agreement on proposals in areas such as security, migration, jobs and investment, the social dimension, the Digital Single Market, the Energy Union and democratic legitimacy. Moreover, the Joint Declaration underlined the importance of the proposals to be presented in May 2018 on the next Multiannual Financial Framework beyond 2020.

The other institutions were also committed to making substantial progress on the proposals to be presented by the Commission by May 2018 to complete implementation of its ten priorities in areas such as sustainable finance, financial technologies in the Capital Markets Union, the European Labour Authority for social fairness, the third mobility package as part of the Energy Union and the reform of visa policy.

The Commission's policy intentions now had to be translated into legislative reality, and Mr TIMMERMANS strongly urged all the Members to make the necessary contacts at the political level and to seek consensus to ensure the success of the most important initiatives. He cited as an example the package of proposals on the reform of asylum policy, the proposals on deepening Economic and Monetary Union and on developing tools to manage borders and migration, and the forthcoming proposals, aimed at reinforcing the democratic legitimacy of the EU, on citizen initiatives and the rules applicable to European political parties.

To this end, he felt it was important for the Commission collectively and for each of its Members individually to ensure, as far as possible, that it was represented by Commissioners in interinstitutional negotiations during trilogues to give it optimum influence on these negotiations at the political level. He praised, for example, the commitment shown by Mr ARIAS CAÑETE during the trilogues on the Climate package and by Mr VELLA during the last marathon Fisheries Council.

Mr TIMMERMANS also referred to the need to increase the presence and availability of Commissioners for responding to MEPs' questions at plenary sessions in the run-up to the European elections.

He noted in this context that a growing number of interinstitutional trilogues were held at the plenary sessions at Strasbourg and that the Commission could therefore no longer allow itself absences not justified by institutional reasons. He reminded the meeting that Parliament's plenary sessions lasted up to and including Thursday and asked the cabinets to reserve Commissioners' diaries from Monday to Thursday to ensure they were present at these sessions.

Mr TIMMERMANS also stressed that the Commission could not exert its full influence in the interinstitutional negotiations unless it acted collectively. This required reinforced coordination by the Interinstitutional Relations Group (IRG) so that the Commission could defend its positions by giving its negotiators a solid mandate supported by the whole College during negotiations under the legislative procedure. The Commission's responsibility with regard to these proposals not only reflected its collegiate nature, it also allowed all its members to be actively involved and use their contacts to garner support for the compromises it proposed.

In view of this, he felt that it was essential for any problems arising in the course of the legislative procedure to be discussed in good time in the Commission so that it could make known its political position. This applied in particular to the dossiers on which agreement between Parliament and the Council was close to being reached, on the basis of a compromise that risked diluting a Commission proposal to the point of undermining its initial objectives. As regards all the proposals that stalled during the legislative procedure, he felt that clear communication by the Commission was essential to inform the public and the media of the reasons why these proposals were blocked and the reasons why the Commission did not accept compromises that could undermine the essential aim and added value of its proposal.

In addition to its legislative work, the Commission must also step up its activity in the areas of trade, competition and the application of Union law, in particular in order to prepare the ground and specify arrangements for application before new legislation came into force.

Lastly, he noted that in the coming 18 months the Commission must play its full role in preparing the debates on the future of Europe and propose a framework for discussion to the Union’s leaders up to their informal summit in Sibiu on 9 May 2019 and the European elections in May 2019. The forthcoming proposal on the EU’s next Multiannual Financial Framework beyond 2020 (see also item 8 of these minutes) would be a key part of this debate, in addition to the recommendations to be adopted by the Commission next month to reinforce the democratic legitimacy of the Union and, in the course of the year, the initiatives on the future of the energy and climate policies and the bridging clauses to allow votes at the Council on tax or defence matters to be taken by qualified majority.

The PRESIDENT thanked Mr TIMMERMANS for his presentation, with which he fully agreed, and stressed that it was important for all Members of the Commission to take an active part in the European Parliament's plenary sessions, in particular the interinstitutional trilogues that formed part of the legislative procedures.

The Commission took note of this guidance.

7.2. STATE OF PLAY CONCERNING THE ESTABLISHMENT AND WORK PROGRAMME OF THE TASK FORCE ON SUBSIDIARITY, PROPORTIONALITY AND 'DOING LESS MORE EFFICIENTLY'

At the PRESIDENT's request, Mr TIMMERMANS reported on the setting-up of the Task Force on Subsidiarity, Proportionality and 'Doing Less More Efficiently'. At the beginning of its mandate, the Commission had clearly expressed its desire to take major initiatives in areas where the EU could provide real added value and focus less on matters of lesser importance. The organisation of the Commission's work around its ten political priorities illustrated and gave concrete expression to this approach, which was also reflected in the scenarios set out in the White Paper on the future of Europe.

The establishment of this Task Force was merely the beginning of a process of reflection on how to increase the effectiveness of the EU's action and on the areas of competence that could be returned to the Member States.

The Task Force comprised three members from the Committee of the Regions and three members from the national parliaments of the Member States, who had already been appointed. There would also be three members representing the European Parliament who had not yet been appointed. The Task Force would be chaired by Mr TIMMERMANS himself.

The Task Force would meet once a month from 25 January and adopt its working methods at its first meetings. It would be aided by a secretariat provided by the Commission's Secretariat General for the duration of its work.

The three key topics on which the Task Force would report with recommendations, in accordance with the decision of the PRESIDENT of 14 November 2017, were (i) how to better involve local and regional authorities in preparing and following up EU policies, (ii) how to better apply the principles of subsidiarity and proportionality in preparing and implementing EU legislation and policies, and (iii) over time, which policy areas could be redelegated, in whole or in part, or definitively returned to the Member States.

Mr TIMMERMANS had already asked the various Commission departments to contribute to the work of the Task Force on these three issues. He also stressed the relevance of the Task Force's mandate in the light of the Commission's political guidelines regarding the next multiannual financial framework, since the difficulty of this exercise lay specifically in the need for the EU to focus its efforts on priority areas with high European added value within the budgetary constraints.

Finally, the Task Force would draw on the expertise already acquired in terms of subsidiarity and proportionality, and would hold a wide-ranging consultation of stakeholders, who would be able to access its working documents and comment on them on a dedicated website.

In conclusion, Mr TIMMERMANS indicated that the Task Force would submit a report setting out its recommendations to the PRESIDENT in July.

A brief discussion ensued, during which the Commission raised the importance of clarifying the meaning of subsidiarity, a principle often used to justify diametrically opposed arguments, either to criticise alleged EU interventionism, or conversely to justify the process of European integration. In this context, the Commission regarded the Austrian Government's invitation to organise a conference on subsidiarity as a positive initiative wholly in line with the forthcoming Austrian presidency of the Council from 1 July 2018.

The PRESIDENT concluded the discussion by highlighting the usefulness of the work of the Task Force and the need to clarify to the public the role and nature of the principle of subsidiarity, since all too often its true meaning was distorted and it was used as a pretext to challenge the EU's competences.

The Commission took note of this information.

7.3. SITUATION IN IRAN

At the invitation of the PRESIDENT, Ms MOGHERINI reported on the latest developments regarding the situation in Iran in the wake of demonstrations that had attracted international attention.

8. POLICY DEBATE ON THE MULTIANNUAL FINANCIAL FRAMEWORK AFTER 2020 (SEC(2018) 57; RCC(2018) 2)

Mr OETTINGER introduced the policy debate on the multiannual financial framework after 2020. The preparatory work on this key initiative had begun a year ago. At this stage the Members of the Commission were invited to contribute to the main policy thrust, which would allow the proposal for the multiannual financial framework that the Commission planned to present in May to be completed. He was personally involved in this work, in particular through a dialogue with a broad range of stakeholders and representatives of national governments, meetings with all the Members of the College concerned, leading the discussions in the Vice-Presidents' steering group and taking part in the meetings of the select group of Directors-General.

Mr OETTINGER presented the main considerations and major challenges to which the next multiannual financial framework would have to provide solutions. He referred first to the need to define new strategies to make good the decrease in resources due to the United Kingdom’s withdrawal from the Union, on the one hand, and to address new policy priorities for which the financing had not been provided when agreement on the current financial framework was reached, on the other. The shortfall arising from the United Kingdom’s withdrawal could be offset equally by redeploying existing resources and by savings, while the new policy priorities could be financed mainly by new resources. He considered that the departure of one of the principal contributors to the EU budget would necessarily result in reductions in the resources allocated to certain programmes, but that the resources allocated to programmes with very high European added value, such as Horizon 2020, or for young people, like Erasmus+, should not be reduced. In any event, the European added value of the various programmes would have to be systematically evaluated on the basis of the principles identified in the Reflection Paper on the Future of EU Finances and the analyses of current programmes in the spending review; it would also be useful to develop a methodology for defining the added value of the EU budget more precisely.

With regard to matching the structure of the multiannual financial framework to the policy priorities, Mr OETTINGER noted, for example, that the share of the budget allocated to the common agricultural policy and to cohesion policy remained very high, and considered that it could be reduced in order to significantly increase the relative weight of new priority areas such as security, defence, control of the external borders, management of migration flows, and other policies with high European added value such as research and innovation, cross-border infrastructure and youth mobility.

He added that this exercise was also an opportunity to enhance the effectiveness and added value of the EU budget, and suggested introducing certain pre-conditions for eligibility for funds, while systematically simplifying the procedures for accessing different programmes and the monitoring procedures. He also referred to the mixed results of some programmes as well as the high costs and the complexity of the procedures for applying for certain funds. The Commission had already taken a first step in this direction with its Omnibus proposal.

Still with a view to increasing the effectiveness of the EU budget, he suggested a closer link between the country-specific recommendations under the European Semester for the coordination of economic and budgetary policies and the programming of the next generation of European structural and investment funds.

Lastly, he took the view that respect for the values and the rule of law referred to in Article 2 of the Treaty on European Union could also constitute an element of conditionality, although he acknowledged the technical and political difficulties and limits of such a choice.

Mr OETTINGER went on to analyse the architecture of the EU's financial instruments, taking the view that the structure of all programmes should be scrutinised in order to simplify the budget and make it easier to understand for all citizens. He suggested establishing a limited number of headings, with clear titles that could be directly and easily associated with the Union's main strategic objectives and policy priorities. He proposed, for example, introducing headings covering 'the future, innovation and youth' and 'security, border management and defence'.

With regard to administrative expenditure, he suggested separating expenditure relating to staff from expenditure relating to buildings and investment. Moreover, after several years of substantial budget cuts, it would be possible to ensure the stability of administrative expenditure relating to staff in the next multiannual financial framework.

Second, Mr OETTINGER addressed the question of the size of the budget. He was convinced that if the Commission succeeded in modernising the multiannual financial framework and in demonstrating that every euro spent provided real added value, it would be entirely possible to persuade the Member States to go above the limit of 1.0 % of gross national product. He therefore intended to calibrate the College's proposal around a budget ceiling of 1.1x %, a figure that he felt was ambitious and realistic given that, once the United Kingdom had completed an orderly withdrawal from the Union, a ceiling of 1.0 % would not enable the EU to meet the challenges facing it over the next few years. However, it would be for the Heads of State or Government, at their informal meeting on 23 February, to confirm which scenarios in the White Paper and which elements of the Commission's policy discussion they wished to accept.

Third, Mr OETTINGER noted that, in addition to providing the multiannual financial framework with an appropriate amount, it would also have to be given the flexibility needed to be able to respond effectively to any unforeseen events and to reallocate resources with a view to optimising the added value for the Union. As to the possibility of establishing a separate budget for the euro area, he did not envisage such an option at this stage because the countries that had adopted the single currency in the Union of 27 accounted for more than 85 % of the European economy and such a proposal did not, therefore, appear justified.

Fourth, Mr OETTINGER referred to the new own resources that could be proposed for the next multiannual financial framework. The High Level Group chaired by Mr Mario MONTI had highlighted the need to broaden the Union's revenue in order to increase the independence of Community policies. An intelligent and prudent reform of the own resources system would make it easier to reach an agreement between the co-legislators. Among the policies capable of generating additional revenue, he noted in particular the fight against climate change, making reference to the European greenhouse gas emissions trading scheme, and the strategy on plastics currently being developed, which could include options in the form of taxes.

In addition, he called for reflection on the method for calculating the contributions of Member States. He took the view that no country could actually consider itself a net contributor to the EU budget, as reflected in the many policies funded by the EU budget which benefited a number of, if not all, Member States, for example competition decisions and certain investments in strategic infrastructure.

Fifthly, regarding the duration of the next multiannual financial framework, Mr OETTINGER noted that the European Parliament had proposed to reduce it to five years, while the College would be proposing to retain the seven-year timeframe for the next framework (after 2020), and then to move onto a five-year framework from the following multiannual financial framework.

Finally, in order to avoid the difficulties encountered at the various approval stages of the 2014-2020 multiannual financial framework and the programming of expenditure, he was insistent that the proposal should be presented in May, as planned, and that the negotiations should begin immediately thereafter. He stressed that, in order to reach an agreement before the end of the current parliamentary term, the Commission would need to secure the backing of a majority of MEPs by March 2019, failing which the negotiations risked running on until the end of 2020.

Mr OETTINGER concluded his introduction by asking the Members for their support, both by raising awareness of the expectations of citizens and stakeholders in the different Member States and by communicating the Commission's messages and priorities, in particular vis-à-vis the European Council and the three Presidencies, current and future (Bulgaria, Austria and Romania), with a view to achieving the broad consensus required for approval of the next multiannual financial framework.

The PRESIDENT thanked Mr OETTINGER for setting out clearly the key issues of that day's policy debate. He asked the Members to focus their remarks on the main themes set out in the background note, and not on the finer details relating to their respective portfolios.

An in-depth discussion ensued, during which the Members expressed their support for the strategy presented by Mr OETTINGER and drew his attention to the following:

Regarding the general approach and policy objectives

- the desire for an approach to the future multiannual financial framework after 2020 that was both ambitious and realistic, and for decisive action by the Commission to promote constructive inter-institutional negotiations;
- support for the principle of a multiannual financial framework reflecting an action strategy which took account of citizens' concerns and for the idea of a Union that would play a major role in key files, and a smaller role in areas of lesser importance;
- the strong political signal that the future multiannual financial framework would send out within the EU and to the Union's international partners, presenting the EU's vision of its future and explaining clearly how European taxpayers' money would be spent;
- the need to provide citizens with positive, forward-looking priorities; the desirability of focusing part of the multiannual financial framework on the needs of young people, particularly as regards employment;
- general support for the fundamental principle of European added value in the future narrative behind the multiannual financial framework, and for the need to explain clearly that the European budget was designed to generate added value in areas where national budgets could not, for example in the case of the Erasmus + and Horizon 2020 programmes;
- the aim of achieving the best possible match between EU funding and the EU's policy priorities;
- the invitation to promote, in the draft multiannual financial framework, the convergence of all the Member States thanks to EU programmes run in all policy areas;

- the importance of making the issues, logic and content of the draft future multiannual financial framework understandable and meaningful for EU citizens, in particular through the recast and renaming of the current headings;

- the wish to dispense with the split between the headings on competitiveness and cohesion in order to put investment, including investment in human capital, at the heart of the MFF;

Regarding the overall budget allocation

- the responsibility borne by the 27 Member States in terms of finding solutions to compensate for the disappearance of the UK contribution to the EU budget after the UK's withdrawal;

- concerning the overall allocation of the future multiannual financial framework, the finding that an overall amount representing 1.1 % of the gross national income of the Member States would not be sufficient to cover the expenditure related to the EU's policy priorities; the consensus on a minimum of 1.1 %, and as close as possible to 1.2 %, i.e. 1.1x %;

- the need to reflect on the very notion of 'net contributor' and 'net beneficiary' in relation to the EU budget and to review the biased calculation of these net contributions or benefits, sending out a clear reminder that all Member States benefited from EU programmes and that they would all need to make an effort in connection with the new multi-annual financial framework;

- the complexity and difficulty of the forthcoming discussions with certain Member States; hence the importance of sounding out the Council and the European Parliament and of staying in constant touch with all relevant stakeholders;

- support for the idea of abolishing all forms of correction regarding Member States’ contributions in the proposal for the future multiannual financial framework;

- a reminder of the choice made by the Commission, during its discussions on 7 December 2017, on the deepening of the Economic and Monetary Union, not to propose a specific draft budget for the euro area;

Regarding the issue of existing resources and new own resources

- support for the proposed approach to finance the new priorities through additional sources of funding, and to bridge the reduction in budget revenues following the UK’s withdrawal from the EU through savings (50 %) and budget restructuring (50 %);

- regarding own resources, the proposal to explore the avenues mapped out in the report from the group chaired by Mr Mario MONTI, at the request of the PRESIDENT, in particular the tax options, provided they served the general objective of sustainable development;

- the proposal to consider, for example, the idea of a European tax on plastic bags rather than taxes at national level insofar as the climate objectives of the Paris conference are defined at global level and replicated at European level; the suggestion to look into the possibility of using revenue from the European Emissions Trading System (ETS) for greenhouse gas emissions;

- a word of caution, however, in view of the distortive effects of a number of potential own resources; the corrective mechanisms that would be necessary (weighting factors, border adjustment mechanism, etc.) and the obligation to ensure that those resources and mechanisms complied with the EU’s international obligations, e.g. under the World Trade Organisation;

For flexibility and conditionality

- support for maintaining the flexibility mechanisms between headings and between the years covered by the multiannual financial framework and for the possibility of strengthening them and simplifying the way in which they are mobilised; the overall need to consider the possibility of merging budget headings over time if necessary;

- the case for considering the possibility of reducing the relative weighting of expenditure in agricultural and cohesion policy and of thoroughly reforming these policies, without ‘re-nationalising’ them, in order to significantly increase the proportion of funding allocated to new priorities and policies with very high European added value, which were designed to ensure the stability of the euro area, the protection of external borders, the management of migration, security and defence, and other areas with high European added value such as research and innovation, cross-border infrastructure and the mobility of young people;

- an acknowledgment, nevertheless, of the positive results enabled by the Common Agricultural Policy and cohesion policy; a reminder of the political sensitivity of these EU policies in certain Member States;

- the idea of allowing the Commission to strengthen the link between financing from the European budget and the economic and social components or those related to the creation of infrastructures, which were subject to country-specific recommendations as part of the European Semester for the coordination of economic and budgetary policies.

- the care to be taken with regard to the knock-on effects of this conditionality, in order to avoid any risk of fragmentation between Member States;

- the approval in principle of conditionality on the payment of EU financing, subject to compliance with the fundamental values of the Union as laid down in Article 2 of the Treaty on European Union;

- some questions, however, about the practical effect of this conditionality, especially in legal terms; in any event, the need to take a horizontal approach and to make this conditionality a last resort, with the Commission fulfilling its role as Guardian of the Treaties and of the Union's values;

- in this context, the suggestion, for example, to use the EU Justice Scoreboard, an instrument created in 2012 which could be used to measure respect for fundamental rights in Member States;

For the streamlining of programmes and co-financing

- the desirability of taking advantage of the development of a new multiannual financial framework in order to move forward with the modernisation of the Union's finances;

- the urgent need to simplify cohesion policy programmes, while setting out clear limits and constraints;

- support for the principle of increasing the Member State co-financing rate in cohesion policy and Common Agricultural Policy programmes, for example;

- a recommendation that the leverage effect between financing granted by the Union and private capital be put to greater use;

- the suggestion that the Union should invest in industrial modernisation and focus its financial instruments on small and medium-sized enterprises;

- the suggestion that the Union should become an innovation 'stakeholder' by supporting businesses up to the stage at which their innovative products are marketed so as to draw the resulting dividends, instead of leaving them to industrial investors outside the Union;

- the need to coordinate financing instruments more effectively, foster synergies between sectoral programmes, eliminate overlaps and encourage IT simplification;

– support for the idea of a single European investment fund which could be used by several programmes and a single set of rules, which would make the overall management of European funds simpler and more flexible;

– the value of integrating the deepening of economic and monetary union into the multiannual financial framework; the observation that all of its instruments, such as the stabilisation mechanism, could be adapted;

– the importance of ensuring an increasingly close link between the future multiannual financial framework and the European Semester, and of focusing on those Member States with the highest risk of macroeconomic imbalances; for overall cohesion, however, a reference to the limits on country-specific recommendations, which were by definition individual;

– as part of 'Europe that Protects', an illustration of the ambition of the proposed guidelines from the point of view of defence policy; the suggestion of including cyber security and the space industry in them;

– the suggestion of considering, in relation to external action, with a view to ensuring greater predictability, the creation of a new instrument unconnected to the budget but linked to the multiannual financial framework, for the financing of military missions;

– the recommendation of creating a separate financing mechanism for the Union's neighbourhood partners;

For the duration of the multiannual financial framework and its presentation timetable

– overall support for keeping a duration of seven years for the multiannual financial framework for the period after 2020 and introducing a duration of five years thereafter;

– for some, however, a desire to avoid aligning the duration of the multiannual financial framework with the duration of the legislature in order to keep them separate;

– support for the timetable proposed by Mr OETTINGER for the next steps in the process, including final adoption before the European Parliament elections in May and June 2019;

– the need to devise a solid communication strategy, particularly for Member States’ finance ministers, who needed to have good arguments to explain how the multiannual financial framework reflected the policy priorities that aimed to protect the Union and its citizens.

Mr OETTINGER thanked the members of the Commission for their contributions. He would examine them closely and meet again with all relevant Commissioners in the spring. He would present a memorandum to the College on 14 February, which the Commission would submit to European leaders at the informal meeting on 23 February, together with his contribution on institutional matters. He added that in March, Parliament would adopt one report on the multiannual financial framework and another on own resources. These documents would provide helpful clarification of Parliament’s position in future negotiations.

Finally, he confirmed that the Commission intended to present the draft multiannual financial framework by the beginning of May at the latest, which would be complete in technical, legal and political terms to allow negotiations to begin immediately, with the aim of concluding these discussions so far as possible before the European Parliament elections in June 2019.

Mr PRESIDENT closed the discussion by thanking Mr OETTINGER for his presentation and explanations. He also thanked the Members of the Commission for taking part in the policy debate and confirmed that the College would come back to the file ahead of the memorandum to be presented on 14 February, as indicated by Mr OETTINGER.

The Commission took note of the results and conclusions of the policy debate and of the background note in SEC(2018) 57.

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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 12.41.