EUROPEAN COMMISSION

SECRETARIAT-GENERAL

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Brussels, 28 February 2018

TEXTE EN

<u>MINUTES</u>

of the 2239th meeting of the Commission

held in Strasbourg

(Winston Churchill building)

on Tuesday 16 January 2018

(afternoon)

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Single sitting: Tuesday 16 January 2018 (afternoon)

The sitting opened at 13.16 with Mr JUNCKER, President, in the chair.

Present:

Mr JUNCKER	President	
Mr TIMMERMANS	First Vice-President	
Mr ANSIP	Vice-President	
Mr ŠEFČOVIČ	Vice-President	
Mr DOMBROVSKIS	Vice-President	
Mr KATAINEN	Vice-President	
Mr OETTINGER	Member	
Mr HAHN	Member	
Ms MALMSTRÖM	Member	
Mr 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	
Ms GABRIEL	Member	Items 11 (in part) to 17

Absent:

Ms MOGHERINI	High Representative / Vice-President

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

Mr PETROCELLI	A member of Ms MOGHERINI's staff

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	
Ms SILLAVEE	PRESIDENT's Office	
Mr TIMONEN	A member of Mr KATAINEN's staff	Items 1 to 11
Ms ANDREEVA	Commission Spokesperson's Service	

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

1. AGENDAS
(OJ(2018) 2239/FINAL; SEC(2018) 2239/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(2018) 2239)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 15 January.

3. APPROVAL OF THE MINUTES OF THE 2235TH, 2236TH, 2237TH AND 2238TH MEETINGS OF THE COMMISSION (6, 12 AND 20 DECEMBER 2017, AND 10 JANUARY 2018)

The Commission held over approval of the minutes of its 2235th, 2236th, 2237th and 2238th meetings for a later meeting.

4. INTERINSTITUTIONAL RELATIONS
(RCC(2018) 3)

The Commission took note of the record of the meeting of the Interinstitutional Relations Group (IRG) held on Friday 12 January (RCC(2018) 3).

It paid particular attention to the following points.

4.1. LEGISLATIVE MATTERS

i) Trilogue

(point 3.1 of the IRG record)

– Standards for the reception of applicants for international protection (Directive – recast) – IN 'T VELD report – 2016/0222 (COD)

The Commission approved the line set out in SI(2018) 5/2.

ii) European Parliament dossiers – January part-session

(point 3.2 of the IRG record)

<u>Ordinary legislative procedure – First reading</u>

– Union regime for the control of exports, transfer, brokering, technical assistance and transit of dual-use items (Regulation – recast) – BUCHNER report – 2016/0295 (COD)

The Commission approved the line set out in SP(2018) 12.

<u>Special legislative procedure</u>

– Jurisdiction, recognition and enforcement of judgments in matrimonial matters and matters of parental responsibility, and international child abduction (Council Regulation – recast) – ZWIEFKA report –2016/0190 (CNS)

The Commission approved the line set out in SP(2018) 6.

iii) Council dossier

(point 3.3 of the IRG record)

– Fixing of the production levies and the coefficient for calculating the additional levy in the sugar sector for the 1999/2000 marketing year and fixing of the production levies in the sugar sector for the 2000/2001 marketing year (Council Regulation) – 2017/0269 (NLE)

The Commission approved the line set out in SI(2018) 9/3.

4.2. RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL

iv) Programming of Council business
(SI(2018) 11)

The Commission took note of the information in SI(2018) 11 on the Council meetings between 18 and 31 January.

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

– Modernisation of the Energy Charter Treaty

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

– Signing, on behalf of the Union, of the Partnership and Cooperation Agreement between the European Union and its Member States, of the one part, and the Republic of Singapore, of the other part (Council Decision) – 2014/0036 (NLE)

The Commission approved the line set out in SI(2018) 6.

4.3. RELATIONS WITH PARLIAMENT

vi) Non-legislative dossiers – January part-session
(point 5.1 of the IRG record)

– Trade and Sustainable Development (TSD) chapters in EU free trade agreements – O-000098/2017

The Commission took note of the information in SP(2018) 13/3.

– Committee of inquiry into Emission Measurements in the Automotive Sector (EMIS) – Exchange of Views between Ms BIEŃKOWSKA and the Committee on Environment, Public Health and Food Safety of the European Parliament (ENVI) in Brussels on 24 January 2018, on the Commission follow-up to the EMIS Committee Recommendation.

The Commission approved the line set out in SP(2018) 20.

5. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

5.1. WRITTEN PROCEDURES APPROVED (SEC(2018) 50 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 8 and 12 January.

5.2. EMPOWERMENT (SEC(2018) 51 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 8 and 12 January.

5.3. DELEGATION / SUBDELEGATION OF POWERS (SEC(2018) 52 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 8 and 12 January, as archived in Decide.

5.4. SENSITIVE WRITTEN PROCEDURES (SEC(2018) 53 AND /2)

The Commission took note of the sensitive written procedures for which the time limit expired between 15 and 19 January and of the finalisation written procedures initiated following the weekly meeting of Chefs de cabinet on Monday 15 January.

6. ADMINISTRATIVE AND BUDGETARY MATTERS (SEC(2018) 54)

ADMINISTRATIVE MATTERS
(PERS(2018) 3)

6.1. DG DIGIT – TERMINATION OF THE INTERNAL, INTERINSTITUTIONAL AND EXTERNAL SELECTION PROCEDURE FOR AN AD14/15 DIRECTOR POST, AND APPOINTMENT OF AN AD14 DIRECTOR (PERS(2017) 13 TO /4)

On a proposal from Mr OETTINGER, in agreement with the PRESIDENT and after consulting Ms GABRIEL and also Mr ANSIP, the Commission decided:

– to terminate, with immediate effect, the internal, interinstitutional and external selection, COM/2017/475 and COM/2017/10372, for the post of Director of the ‘Digital Services’ Directorate in DIGIT, without making an appointment;

– to fill the post from 1 February 2018 by transfer in the interest of the service, under Article 7 of the Staff Regulations, of Mr Emanuele BALDACCI, an AD14 official and currently Director of the ‘Methodology; corporate statistical and IT services’ in DG Eurostat.

Unless indicated otherwise, these decisions would take effect immediately.

6.2. DG HUMAN RESOURCES AND SECURITY – APPROVAL OF LIST OF CANDIDATES FOR THE POST OF HEAD OF THE EUROPEAN UNION DELEGATION IN MONGOLIA (PERS(2018) 4)

The Commission took note of the information in point 2 of PERS(2018) 3 and, on a proposal from Mr OETTINGER, in agreement with the PRESIDENT, decided to approve the list of candidates for the post of Head of the European Union Delegation in Mongolia (at grade AD9-14/AD12) as set out in PERS(2018) 4. This list would serve as the basis for the competent authority of the European External Action Service to make the final appointment.

This decision would take effect immediately.

7. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS – A EUROPEAN STRATEGY FOR PLASTICS IN A CIRCULAR ECONOMY (COM(2018) 28 AND /2; SWD(2018) 16; RCC(2018) 6)

8. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS ON THE IMPLEMENTATION OF THE CIRCULAR ECONOMY PACKAGE – OPTIONS TO ADDRESS THE INTERFACE BETWEEN CHEMICAL, PRODUCT AND WASTE LEGISLATION (COM(2018) 32 AND /2; SWD(2018) 20; RCC(2018) 6)

9. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS ON A MONITORING FRAMEWORK FOR THE CIRCULAR ECONOMY
(COM(2018) 29; SWD(2018) 17; RCC(2018) 6)

10. PROPOSAL FOR A DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON PORT RECEPTION FACILITIES FOR THE DELIVERY OF WASTE FROM SHIPS, REPEAL OF DIRECTIVE 2000/59/EC AND AMENDMENT OF DIRECTIVE 2009/16/EC AND DIRECTIVE 2010/65/EU
(COM(2018) 33; SWD(2018) 21; SWD(2018) 22; SEC(2018) 58; RCC(2018) 6)

The Commission:

– approved the Communications in COM(2018) 28/2, COM(2018) 32/2 and COM(2018) 29 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, together with the staff working documents distributed as SWD(2018) 16, SWD(2018) 20 and SWD(2018) 17, the contents of which were noted;

– adopted the proposal for a Directive in COM(2018) 33 for transmission to the European Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions and the national parliaments, together with the impact assessment, the summary thereof and the opinion of the Regulatory Scrutiny Board in staff working documents SWD(2018) 21, SWD(2018) 22 and SEC(2018) 58, the contents of which were noted.

11. OTHER BUSINESS

STATE OF PLAY OF TRADE NEGOTIATIONS WITH MERCOSUR

Mr KATAINEN, Ms MALMSTRÖM and Mr HOGAN reported to the College on the state of play of the association agreement between the Union and the four countries of the Mercosur – Argentina, Brazil, Paraguay and Uruguay.

12. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL AND THE EUROPEAN CENTRAL BANK – FIRST PROGRESS REPORT ON THE REDUCTION OF NON-PERFORMING LOANS IN EUROPE (COM(2018) 37 TO /3; SWD(2018) 33 AND /2; RCC(2018) 7)

Mr DOMBROVSKIS presented the first report on the progress made to reduce non-performing loans in Europe and, consequently, the systemic risk in the banking sector. He explained that these non-performing loans concerned a small number of banks in a limited number of Member States, that their existence was a legacy of the financial crisis and that they affected the Union’s economy since the banks in question had less capital to lend and could not focus on granting new loans to individuals and businesses. He reminded the meeting that in October 2017 the Commission had proposed a plan to complete the Banking Union through measures aimed at risk reduction and risk sharing.

Turning to the report being presented that day, he highlighted two main positive messages. Firstly, there was a real reduction in risks as a result of the one-third decrease in non-performing loans at European banks between 2014 and 2017, a decrease that corresponded to around EUR 300 billion of high-risk assets; and, secondly, the Union had been capable of providing specific support to the banks and the Member States, which were still the most important players in accelerating this trend.

He said that the Commission would soon be presenting a new set of important measures on non-performing loans with a view to the March 2018 European Council.

Ms VESTAGER added that in the last two years several initiatives had been taken, in particular by the Single Supervisory Mechanism, to encourage banks to address the problem of non-performing loans without relying on state aid. She pointed out that the Commission had taken a number of state aid decisions that had helped to significantly reduce non-performing loans in the Member States most affected, in full accordance with the rules on competition and bank resolution.

She stressed that each time that decisions had been taken to help reduce non-performing loans, the restructuring of banks that had benefited in any way from state aid had been required. This had helped to address the deep-rooted causes that had originated non-performing loans and also to calm the market with regard to the systemic risk in the banking sector.

The PRESIDENT thanked Mr DOMBROVSKIS for this very important first report and Ms VESTAGER for the additional information she had provided.

Following this presentation, the Commission, on a proposal from the PRESIDENT, confirmed the formal adoption of the communication in COM(2018) 37/3 by the finalisation written procedure, the deadline for which was set at 10.00 on Thursday 18 January 2018 (PE/2018/181).

13. PROPOSAL FOR A COUNCIL DIRECTIVE AMENDING DIRECTIVE 2006/112/EC AS REGARDS RATES OF VALUE ADDED TAX (COM(2018) 20 AND /2; SWD(2018) 7; SWD(2018) 8; SEC(2018) 48; RCC(2018) 4)

14. PROPOSAL FOR A COUNCIL DIRECTIVE AMENDING DIRECTIVE 2006/112/EC ON THE COMMON SYSTEM OF VALUE ADDED TAX AS REGARDS THE SPECIAL SCHEME FOR SMALL ENTERPRISES (COM(2018) 21 AND /2; SWD(2018) 9 AND /2; SWD(2018) 11; SEC(2018) 49; RCC(2018) 4)

Mr DOMBROVSKIS briefly introduced the two proposals for directives on rates of value added tax and the special scheme for small enterprises. The first of these, on reduced rates of value added tax, was designed to give Member States greater discretion in setting these rates, and the second to simplify the value added tax system for small enterprises, thereby reducing the administrative burden. These measures were a further step towards the creation of a single EU VAT area and would be applied once the definitive scheme came into force (2022).

Mr MOSCOVICI noted that these two proposals represented the most recent measures of the VAT reform plan presented in April 2016 for moving towards the creation of a single area without internal borders.

He then reviewed in more detail the proposal for a directive on reduced rates of value added tax. He reminded the meeting that under the current scheme, those rates could not be applied to certain products, for example internet services, digital books and equestrian activities. This was why the Commission had been reviewing the whole VAT system for the past three years. Once the definitive scheme came into force in 2022, VAT would be paid in the country of the consumer, i.e. the Member State of destination of the goods. The long list of derogations would also be abolished. The Commission was therefore proposing that day to give back to the Member States the freedom to set reduced VAT rates as they wished, with a minimum standard rate of 15 %.

Mr MOSCOVICI explained that the proposal contained several safeguards to guarantee the integrity of the VAT system. Thus, Annex III to the VAT Directive, which listed the goods and services to which the reduced rate could be applied, would be replaced by a negative list of goods to which a reduced rate could not be applied (weapons, ammunition, gaming, alcoholic beverages and tobacco). The proposal would authorise only (i) two different reduced rates, to be set between 5 % and the standard rate chosen by the Member State, (ii) a rate to be set between 0 % and 5 %, and (iii) a zero rate. The proposal also contained a budgetary safeguard to protect the Member States against any potential risks of erosion of tax revenue in the long term, with a weighted average rate for consumption within a Member State of not less than 12 %.

Turning to the second proposal for a directive, on the simplified rules on VAT for small enterprises, Mr MOSCOVICI explained that this proposal would extend the benefits of national VAT systems applicable to small enterprises to the whole of the single market. A Belgian company exempted from VAT on a domestic transaction, for example, was currently subject to VAT for an equivalent transaction for another European country. The Commission's proposal would therefore enable such a company to benefit from exemptions existing in the other EU Member States, provided that its annual turnover in the internal market did not exceed the threshold of EUR 100 000. This initiative would thus remove an obstacle to cross-border trade for small businesses.

The proposal would also make life easier for SMEs with an annual turnover of under EUR 2 million, which would benefit from a simplified system for identification for VAT purposes, account-keeping and invoicing, and would be able to file VAT returns just once a year instead of every quarter or even every month as was currently the case.

With regard to the Member States, Mr MOSCOVICI explained that they would be able to maintain the VAT exemption threshold for SMEs at the level they considered most appropriate and tailor their systems to their own needs. He considered that this proposal could cut compliance costs for SMEs by up to 18 %.

In conclusion, he invited the College to support these latest proposals for the reform of the VAT system during the legislative process.

Following this discussion, the Commission, on a proposal from the PRESIDENT, confirmed the formal adoption of the proposals for Council directives in COM(2018) 20/2 and COM(2018) 21/2 by finalisation written procedure, the deadline for which was set at 10.00 on Thursday 18 January 2018 (PE/2017/9426 and PE/2017/9402).

15. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS ON THE DIGITAL EDUCATION ACTION PLAN
(COM(2018) 22 AND /2; SWD(2018) 12; RCC(2018) 5)

16. PROPOSAL FOR A COUNCIL RECOMMENDATION ON PROMOTING COMMON VALUES, INCLUSIVE EDUCATION, AND THE EUROPEAN DIMENSION OF TEACHING
(COM(2018) 23 AND /2; SWD(2018) 13; RCC(2018) 5)

17. PROPOSAL FOR A COUNCIL RECOMMENDATION ON KEY COMPETENCES FOR LIFELONG LEARNING
(COM(2018) 24 AND /2; SWD(2018) 14; RCC(2018) 5)

At the PRESIDENT'S invitation, Mr NAVRACSICS presented the three initiatives submitted that day for the College's approval in the fields of education, training and culture, a raft of measures aimed at reducing socio-economic inequality, whilst preserving competitiveness, in order to build a more unified, stronger and more democratic Europe. These initiatives followed on from the Commission communication entitled 'Strengthening European identity through education and culture', adopted on 14 November 2017 as a contribution to the Gothenburg Social Summit that took place in November 2017.

The general rationale behind the measures was that European education and training systems ought to provide people from all backgrounds with the right competences to make progress and flourish professionally, and to enable them to become engaged citizens. For this reason he proposed harnessing the potential of education to encourage social cohesion and a sense of belonging, building on the common values of the Union and ensuring that education enabled pupils to experience their European identity in all its diversity and to learn more about the European Union, other European countries, and themselves.

Mr NAVRACSICS first referred to the Proposal for a Council Recommendation on key competences for lifelong learning. This Proposal was aimed at improving the development of key competences for citizens of all ages throughout their lives, and providing the Member States with guidance on how to achieve this objective. It placed particular emphasis on support for entrepreneurial drive and innovation in order to encourage creativity and personal initiative, whilst at the same time recommending measures to boost skills in the fields of science, technology, engineering and mathematics and to encourage more young people to embark on a career in these fields.

Mr NAVRACSICS then presented the Proposal for a Council Recommendation on promoting the Union's common values, which put forward measures to help young people to understand the importance of the values set out in Article 2 of the Treaty on European Union. Its objective was to strengthen social cohesion and to help combat the rise of populism, xenophobia, nationalism and misinformation. The proposal was also intended to strengthen inclusive education and the European dimension of teaching, in such a way that children would also be introduced to Europe's common heritage and its diversity and would have a sound understanding of the EU's functioning. To this end, the Commission proposed increasing virtual exchanges between schools, in particular by means of the *eTwinning* network, and encouraging school mobility through the Erasmus+ programme.

Finally, Mr NAVRACSICS mentioned the Communication on the digital education action plan, which described the way in which the Union could help individuals, educational establishments and educational systems to better adapt to rapid digital change. The aim would thus be to make better use of digital technology for teaching and learning, to develop the digital skills and competences required to live and work in an age of digital transformation, and to improve education through better data analysis and foresight.

He gave several examples of the measures proposed, which in particular consisted of supporting schools by means of high-speed broadband connections, developing a new self-assessment tool for schools on the use of technology for teaching and learning (*SELFIE*), and running a public-awareness campaign on online safety, media literacy and cyber hygiene.

Ms GABRIEL turned in more detail to the background to the Communication on digital education by drawing attention to the fact that the digital age had an impact on all fields of life and all citizens, not only on those working in the IT sector. The deficit in digital skills was a very real one. Although 90 % of future jobs would require a certain level of digital competence, 44 % of Europeans did not have basic digital skills. The Action Plan presented that day was therefore aimed at helping Europeans, educational establishments and educational systems to better adapt to life and work in increasingly digital societies.

A brief discussion followed, during which the Commission raised the following points:

- the appropriateness and quality of the initiatives presented, which would contribute to greater social cohesion and better social integration, for example by opening up access to digital training to women and to people suffering from social exclusion and offering them the opportunity to integrate more easily into society and the employment market; more generally, this should lead to a reduction in the gender pay gap;

- the role that developing digital education could play in tackling the roots of radicalisation online and phenomena such as fake news;

- the expediency of encouraging the Member States to make digital literacy not just an economic but also a social priority, to encourage social mobility and put an end to the isolation of rural areas, for instance;

- a mention of the use of state aid granted for the establishment of broadband telecommunications networks;

- the immense educational effort the Member States would need to put into educating their citizens, above all young Europeans, about the Union's values, and the consequences of failure to take action in this field.

The PRESIDENT concluded by welcoming this excellent set of initiatives.

Following this discussion, the Commission, on a proposal from the PRESIDENT, confirmed the formal adoption of the Communication and the Proposals for Council Recommendations in COM(2018) 22/2, COM(2018) 23/2 and COM(2018) 24/2 by finalisation written procedure, the deadline for which was set at 10.00 on Wednesday 17 January 2018 (PE/2017/9568, PE/2018/14 and PE/2017/9567, respectively).

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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 14.02.