EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2018) 2255 final

- English language version of the French text which is authentic -

Strasbourg, 12 June 2018

TEXTE EN

<u>MINUTES</u>

of the 2255th meeting of the Commission

held in Brussels

(Berlaymont)

on Wednesday 23 May 2018

(morning)

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Single sitting: Wednesday 23 May 2018 (morning)

The sitting opened at 9.47 with Mr JUNCKER, President, in the chair.

Present:

Mr JUNCKER	President	
Mr TIMMERMANS	First Vice-President	
Ms MOGHERINI	High Representative / Vice-President	
Mr ANSIP	Vice-President	
Mr DOMBROVSKIS	Vice-President	
Mr KATAINEN	Vice-President	
Mr OETTINGER	Member	Items 1 to 22
Ms MALMSTRÖM	Member	
Mr MIMICA	Member	
Mr ARIAS CAÑETE	Member	
Mr VELLA	Member	
Mr ANDRIUKAITIS	Member	
Ms THYSSEN	Member	
Mr MOSCOVICI	Member	Items 1 to 24 (in part)
Mr STYLIANIDES	Member	
Mr HOGAN	Member	
Ms BIEŃKOWSKA	Member	
Ms VESTAGER	Member	
Ms GABRIEL	Member	

<u>Absent</u>:

Mr ŠEFČOVIČ	Vice-President
Mr HAHN	Member
Mr AVRAMOPOULOS	Member
Ms BULC	Member
Ms JOUROVÁ	Member
Mr NAVRACSICS	Member
Ms CREȚU	Member
Mr MOEDAS	Member
Sir Julian KING	Member

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

Mr NOCIAR	Chef de cabinet to Mr ŠEFČOVIČ	
Mr KARNITSCHNIG	Chef de cabinet to Mr HAHN	
Ms ASTERIADI	Deputy Chef de cabinet to Mr AVRAMOPOULOS	
Mr ZAKONJSEK	Chef de cabinet to Ms BULC	
Ms LADMANOVA	Expert in Ms JOUROVÁ's Office	
Ms KIRALY	Chef de cabinet to Mr NAVRACSICS	
Mr DE MICHELIS	Chef de cabinet to Ms CREȚU	Items 1 to 6/18 (in part)
Ms RUS	Deputy Chef de cabinet to Ms CREȚU	Items 6/18 (in part) to 25
Ms DEL BRENNA	Deputy Chef de cabinet to Mr MOEDAS	
Mr SIEGL	Deputy Chef de cabinet to Sir Julian KING	

The following also sat in:

Ms MARTÍNEZ ALBEROLA	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	
Mr SZOSTAK	Deputy Chef de cabinet to the PRESIDENT	
Mr BALTAZAR	Chief adviser in the PRESIDENT's Office	Item 24
Mr THOLONIAT	Adviser in the PRESIDENT's Office	Items 6 to 18
Ms DEJMEK-HACK	Adviser in the PRESIDENT's Office	Item 23
Mr DELVAUX	Adviser in the PRESIDENT's Office	Item 25
Ms ARKI	PRESIDENT's Office	
Mr WYNANDS	Chef de cabinet to Mr DOMBROVSKIS	Items 1 to 18

Mr KLEINER	Deputy Chef de cabinet to Mr OETTINGER	Items 19 to 22
Mr MUELLER	Chef de cabinet to Mr VELLA	Item 24
Ms PASERMAN	Deputy Chef de cabinet to Ms THYSSEN	Items 1 to 18
Mr BAILLY	Chef de cabinet to Mr MOSCOVICI	Items 1 to 18
Ms ANDREEVA	Commission Spokesperson's Service	
Mr HAAG	Secretariat-General	Items 6 to 24
Mr SNELS	Secretariat-General	
Mr BUTI	Director-General, DG Economic and Financial Affairs	Items 1 to 18

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

1. AGENDAS
(OJ(2018) 2255/FINAL; SEC(2018) 2255/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 items 10 to 18.

2. WEEKLY MEETING OF CHEFS DE CABINET
(RCC(2018) 2255)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Tuesday 22 May 2018.

3. APPROVAL OF THE MINUTES OF THE 2253RD AND 2254TH MEETINGS OF THE COMMISSION (2 AND 16 MAY 2018)

The Commission held over approval of the minutes of its 2253rd and 2254th meetings for a later meeting.

4. INTERINSTITUTIONAL RELATIONS
(RCC(2018) 72)

The Commission took note of the record of the meeting of the Interinstitutional Relations Group (IRG) held on Friday 18 May 2018 (RCC(2018) 72).

It paid particular attention to the following points.

4.1. LEGISLATIVE MATTERS

i) Trilogues

(point 3.1 of the IRG record)

– Protection of individuals with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, and repeal of Regulation (EC) 45/2001 and Decision 1247/2002/EC (Regulation) – ERNST report – 2017/0002 (COD)

The Commission approved the line set out in SI(2018) 246/2.

– Use of the Schengen Information System for the return of illegally staying third-country nationals / Establishment, operation and use of the Schengen Information System (SIS) in the field of border checks, amendment of Regulation (EU) 515/2014 and repeal of Regulation (EC) 1987/2006 / Establishment, operation and use of the Schengen Information System (SIS) in the field of police cooperation and judicial cooperation in criminal matters, amendment of Regulation (EU) 515/2014 and repeal of Regulation (EC) 1986/2006, Council Decision 2007/533/JHA and Commission Decision 2010/261/EU (Regulations) – LENAERS and COELHO reports – 2016/0407 (COD) / 2016/0408 (COD) / 2016/0409 (COD)

The Commission approved the line set out in SI(2018) 256/2.

– European Agency for the operational management of large-scale IT systems in the area of freedom, security and justice, and amendment of Regulation (EC) 1987/2006 and Council Decision 2007/533/JHA and repeal of Regulation (EU) 1077/2011 (Regulation) – MACOVEI report – 2017/0145 (COD)

The Commission approved the line set out in SI(2018) 262/2.

– Establishment of the European Defence Industrial Development Programme aiming at supporting the competitiveness and innovative capacity of the EU defence industry (Regulation) – GROSSETÊTE report – 2017/0125 (COD)

The Commission approved the line set out in SI(2018) 258/3.

– Rules on the making available on the market of CE marked fertilising products and amendment of Regulations (EC) 1069/2009 and (EC) 1107/2009 (Regulation) – ȚURCANU report – 2016/0084 (COD)

The Commission approved the line set out in SI(2018) 248.

– Establishment of a single digital gateway to provide information, procedures, assistance and problem solving services, and amendment of Regulation (EU) 1024/2012 (Regulation) – MIZZI report – 2017/0086 (COD)

The Commission approved the line set out in SI(2018) 260/2.

– Definition, presentation and labelling of spirit drinks, the use of the names of spirit drinks in the presentation and labelling of other foodstuffs and the protection of geographical indications for spirit drinks (Regulation) – AYUSO report – 2016/0392 (COD)

The Commission approved the line set out in SI(2018) 264.

– 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 SI(2018) 249.

– Manufacture, placing on the market and use of medicated feed and repeal of Council Directive 90/167/EEC (Regulation) – AGUILERA GARCÍA report – 2014/0255 (COD)

The Commission approved the line set out in SI(2018) 250.

ii) European Parliament dossiers – May II 2018 part-session
(point 3.2 of the IRG record)

Ordinary legislative procedure – Second reading

– 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 took note of SP(2018) 288, further to note COM(2018) 191, which it had already approved on 17 April 2018.

Ordinary legislative procedure – First reading

– 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) 290 and took note of the compromise text attached to that document, further to note SP(2018) 2 and /2, which it had already approved on 10 January 2018.

– Multi-annual plan for demersal stocks in the North Sea and the fisheries exploiting those stocks and repeal of Council Regulation (EC) 676/2007 and Council Regulation (EC) 1342/2008 (Regulation) – RODUST report – 2016/0238 (COD)

The Commission took note of SP(2018) 289, further to note SI(2018) 48/2, which it had already approved on 21 February 2018.

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

– Amendment of Regulation (EU) 904/2010 as regards measures to strengthen administrative cooperation in the field of value added tax (Council Regulation) – ZĪLE report – 2017/0248 (CNS)

The Commission approved the line set out in SI(2018) 251.

– ENISA, the EU Cybersecurity Agency, and repeal of Regulation (EU) 526/2013, and Information and Communication Technology cybersecurity certification (Regulation) – NIEBLER report – 2017/0255 (COD)

The Commission approved the line set out in SI(2018) 261.

4.2. RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL

iv) Programming of Council business
(SI(2018) 265)

The Commission took note of the information in SI(2018) 265 on the Council meetings between 24 May and 6 June 2018.

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

– Joint Declaration on Climate Change between the African, Caribbean and Pacific (ACP) Group of States and the European Union – 43rd ACP-EU Council of Ministers (Lomé, 31 May 2018)

The Commission approved the line set out in SI(2018) 252.

– Authorisation of the opening of negotiations for agreements between the European Union and Jordan, Turkey, Lebanon, Israel, Tunisia, Morocco, Egypt, and Algeria on the exchange of personal data between the European Union Agency for Law Enforcement Cooperation (Europol) and the competent authorities of these countries for fighting serious crime and terrorism – COM(2017) 798/799/805/806/807/808/809/811 (Council Decisions)

The Commission approved the line set out in SI(2018) 253.

– Commission / European External Action Services Issues Paper on Ratification of and Compliance with the Paris Agreement as an Essential Element of European Union International Agreements

The Commission approved the line set out in SI(2018) 254.

– Commission / European External Action Services Non-Paper on the European Union as a Global Player on Conflict Prevention

The Commission took note of the information in SI(2018) 229.

– International Maritime Organisation (IMO) – Commission Staff Working Documents for the Council Shipping Working Party – Joint European Union submissions – SWD(2018) 162/163/164

The Commission approved the line set out in SI(2018) 263/2.

4.3. RELATIONS WITH PARLIAMENT

vi) European Parliament's Special Committee on Financial Crimes, Tax Evasion and Tax Avoidance (TAX3) – Follow-up to the hearing of 15 May 2018 – Reply to written questions
(point 5.1.2 of the IRG record)

The Commission approved the line set out in SP(2018) 304.

vii) Action taken on the non-legislative resolutions adopted by Parliament at its February II 2018 part-session
(point 5.6.2 of the IRG record)

The Commission approved documents SP(2018) 292 and /2 on the action taken on the non-legislative resolutions adopted by Parliament at its February II part-session, for transmission to Parliament.

5. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

5.1. WRITTEN PROCEDURES APPROVED (SEC(2018) 241 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 14 and 18 May 2018.

5.2. EMPOWERMENT (SEC(2018) 242 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 14 and 18 May 2018.

5.3. DELEGATION / SUBDELEGATION OF POWERS (SEC(2018) 243 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 14 and 18 May 2018 archived in D*e*cide.

5.4. SENSITIVE WRITTEN PROCEDURES (SEC(2018) 244 AND /2)

The Commission took note of the sensitive written procedures for which the time limit expired between 22 and 25 May 2018 and of the finalisation written procedures initiated following the weekly meeting of Chefs de cabinet on Monday 14 and Tuesday 22 May 2018.

6. EUROPEAN SEMESTER OF ECONOMIC AND BUDGETARY POLICY COORDINATION FOR 2018 – COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE EUROPEAN COUNCIL, THE COUNCIL, THE EUROPEAN CENTRAL BANK, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE, THE COMMITTEE OF THE REGIONS AND THE EUROPEAN INVESTMENT BANK – COUNTRY-SPECIFIC RECOMMENDATIONS (COM(2018) 400 TO /3; RCC(2018) 78)

7. EUROPEAN SEMESTER OF ECONOMIC AND BUDGETARY POLICY COORDINATION FOR 2018 – COMMISSION RECOMMENDATIONS FOR COUNCIL RECOMMENDATIONS ON THE NATIONAL REFORM PROGRAMMES AND STABILITY OR CONVERGENCE PROGRAMMES OF THE MEMBER STATES (COM(2018) 401 AND /2; COM(2018) 402; COM(2018) 403; COM(2018) 404; COM(2018) 405; COM(2018) 406; (COM(2018) 407 AND /2; (COM(2018) 408 TO /3; COM(2018) 409; COM(2018) 410; (COM(2018) 411 AND /2; (COM(2018) 412 AND /2; COM(2018) 413; COM(2018) 414; (COM(2018) 415 AND /2; (COM(2018) 416 AND /2; (COM(2018) 417 AND /2; (COM(2018) 418 AND /2; COM(2018) 419; (COM(2018) 420 AND /2; COM(2018) 421; COM(2018) 422; (COM(2018) 423 TO /3; COM(2018) 424; COM(2018) 425; COM(2018) 426; COM(2018) 427)

8. EUROPEAN SEMESTER OF ECONOMIC AND BUDGETARY POLICY COORDINATION FOR 2018 – 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 ON THE REVIEW OF THE FLEXIBILITY UNDER THE STABILITY AND GROWTH PACT
(COM(2018) 335; SWD(2018) 270; RCC(2018) 78)

9. EUROPEAN SEMESTER OF ECONOMIC AND BUDGETARY POLICY COORDINATION FOR 2018 – REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL – CONVERGENCE REPORT 2018 (PREPARED IN ACCORDANCE WITH ARTICLE 140(1) OF THE TREATY ON THE FUNCTIONING OF THE EUROPEAN UNION)
(COM(2018) 370; SWD(2018) 350)

10. EUROPEAN SEMESTER OF ECONOMIC AND BUDGETARY POLICY COORDINATION FOR 2018 – REPORT FROM THE COMMISSION PREPARED IN ACCORDANCE WITH ARTICLE 126(3) OF THE TREATY ON THE FUNCTIONING OF THE EUROPEAN UNION – ITALY
(COM(2018) 428)

11. EUROPEAN SEMESTER OF ECONOMIC AND BUDGETARY POLICY COORDINATION FOR 2018 – REPORT FROM THE COMMISSION PREPARED IN ACCORDANCE WITH ARTICLE 126(3) OF THE TREATY ON THE FUNCTIONING OF THE EUROPEAN UNION – BELGIUM
(COM(2018) 429)

12. EUROPEAN SEMESTER OF ECONOMIC AND BUDGETARY POLICY COORDINATION FOR 2018 – RECOMMENDATION FOR A COUNCIL RECOMMENDATION WITH A VIEW TO CORRECTING THE SIGNIFICANT OBSERVED DEVIATION FROM THE ADJUSTMENT PATH TOWARD THE MEDIUM-TERM BUDGETARY OBJECTIVE IN

ROMANIA
(COM(2018) 430; SWD(2018) 366)

13. **EUROPEAN SEMESTER OF ECONOMIC AND BUDGETARY POLICY COORDINATION FOR 2018 – RECOMMENDATION FOR A COUNCIL RECOMMENDATION WITH A VIEW TO CORRECTING THE SIGNIFICANT OBSERVED DEVIATION FROM THE ADJUSTMENT PATH TOWARD THE MEDIUM-TERM BUDGETARY OBJECTIVE IN HUNGARY**
    (COM(2018) 431; SWD(2018) 368)

14. **EUROPEAN SEMESTER OF ECONOMIC AND BUDGETARY POLICY COORDINATION FOR 2018 – RECOMMENDATION FOR A COUNCIL DECISION ESTABLISHING THAT NO EFFECTIVE ACTION HAS BEEN TAKEN BY ROMANIA IN RESPONSE TO THE COUNCIL RECOMMENDATION OF 5 DECEMBER 2017**
    (COM(2018) 432; SWD(2018) 366)

15. **EUROPEAN SEMESTER OF ECONOMIC AND BUDGETARY POLICY COORDINATION FOR 2018 – RECOMMENDATION FOR A COUNCIL DECISION ABROGATING DECISION 2009/414/EC ON THE EXISTENCE OF AN EXCESSIVE DEFICIT IN FRANCE**
    (COM(2018) 433)

16. **EUROPEAN SEMESTER OF ECONOMIC AND BUDGETARY POLICY COORDINATION FOR 2018 – COMMISSION RECOMMENDATION WITH A VIEW TO GIVING WARNING ON THE EXISTENCE OF A SIGNIFICANT OBSERVED DEVIATION FROM THE ADJUSTMENT PATH TOWARD THE MEDIUM-TERM BUDGETARY OBJECTIVE IN ROMANIA**
    (C(2018) 3181)

17. EUROPEAN SEMESTER OF ECONOMIC AND BUDGETARY POLICY COORDINATION FOR 2018 – COMMISSION'S OPINION ON THE UPDATED DRAFT BUDGETARY PLAN FOR SPAIN
(C(2018) 3182 AND /2; SWD(2018) 367 AND /2)

18. EUROPEAN SEMESTER OF ECONOMIC AND BUDGETARY POLICY COORDINATION FOR 2018 – COMMISSION RECOMMENDATION WITH A VIEW TO GIVING WARNING ON THE EXISTENCE OF A SIGNIFICANT OBSERVED DEVIATION FROM THE ADJUSTMENT PATH TOWARD THE MEDIUM-TERM BUDGETARY OBJECTIVE IN HUNGARY
(C(2018) 3183)

The PRESIDENT briefly introduced the presentation of the set of spring documents submitted to the Commission for approval as part of the European Semester of Economic and Budgetary Policy Coordination for 2018, and emphasised the excellent work that had gone into this dossier.

Mr DOMBROVSKIS explained that this set of documents comprised (i) a general communication, (ii) a communication on the review of flexibility in the context of implementation of the Stability and Growth Pact, (iii) draft country-specific recommendations for 27 Member States, with the exception of Greece, which was under a specific stability support programme, (iv) the 2018 Convergence Report and (v) a number of individual decisions relating to the implementation of the Stability and Growth Pact.

This set of documents must be considered against the general backdrop of a period of high growth in the Union – 2.4% in 2017, 2.3% in 2018 and 2% in 2019 – as indicated by the Commission's spring forecasts, which showed record employment, recovering investment and improved public finances. This growth phase was set to continue, albeit at a slower pace, although the possibility of a return to protectionism posed a significant risk to this expansion. It was therefore important to make the EU economies more competitive and resilient in order to address the major tendencies of globalisation, digitalisation and an ageing society on the one hand and, on the other, the need for genuinely inclusive growth which would ensure that everyone benefited from the effects of the recovery.

The 2018 country-specific recommendations must be seen in this context. They highlighted, in particular, the social challenges to be addressed on the basis of the European Pillar of Social Rights.

With regard to budgets, in 2019 all the Member States should for the first time move to the preventive arm of the Stability and Growth Pact.

Mr DOMBROVSKIS presented the individual decisions proposed for adoption under the Stability and Growth Pact. He began by announcing that due to the durable correction of its excessive deficit, the Commission recommended abrogating the procedure initiated against France. The updated Draft Budgetary Plan for Spain had been judged to be broadly in line with the Stability and Growth Pact, owing in particular to the fact that Spain would succeed in bringing its deficit under the 3% ceiling this year. New procedures should be initiated in relation to the significant observed deviations from the adjustment path towards the medium-term budgetary objectives in Romania and Hungary.

Lastly, he proposed adopting two reports prepared in accordance with Article 126(3) of the Treaty on the Functioning of the European Union, which assessed Italy and Belgium’s compliance with the debt criterion of the Stability and Growth Pact. In the case of Belgium, the report noted the existence of significant deviations for the expenditure benchmark in 2016 and 2017 considered together. However, it noted continuing uncertainties concerning the factors that had affected budgetary performance last year and, consequently, the absence of sufficiently solid evidence to conclude on whether the debt criterion had been complied with for 2017 and for 2016 and 2017 taken together. With regard to Italy, the report considered that the situation in that country was compliant overall with the debt criterion for 2017 and for 2016 and 2017 taken together, having regard to the flexibilities granted to it for unusual events, but that the adjustment planned for this year seemed insufficient to guarantee compliance in 2018. With a view to assessing the situation again in spring 2019, a dialogue would have to be initiated with the new government to analyse the specific measures proposed by it.

Mr DOMBROVSKIS finished his presentation by referring to the issue of the budgetary objectives for next year, which were set in accordance with the 'matrix for specifying the annual fiscal adjustment' introduced in the Communication on flexibility adopted by the Commission in 2015. This matrix allowed Member States to reduce their fiscal efforts in economic bad times and required efforts to be stepped up in economic good times. As he had already pointed out, the Union was currently in a period of solid expansion, with the strongest growth in GDP in real terms that had been recorded for a decade. In his view, all the Member States should take advantage of this positive climate to introduce policies aimed at mitigating the social consequences of hard times and making their economies more resilient in order to weather any future crises. Against this backdrop, he made particular reference to the cases of Spain and Slovenia, which were experiencing economic good times. In line with the Communication on flexibility, they should therefore make a fiscal effort corresponding to 1% of GDP. He acknowledged that such an effort seemed high and that analysis of the situation showed that uncertainties still remained. However, in his view it would be difficult, given the growth rates in these two countries, to justify a treatment corresponding to what the Communication defined as 'normal times'. He underlined the importance of differentiating between normal and good times while leaving a margin for political discretion and therefore proposed reaching agreement on a rigorous but realistic compromise solution for these two Member States, of around 0.75% of GDP.

Mr MOSCOVICI pointed out that the present Commission would adopt that day its penultimate set of spring decisions under the European Semester of Economic and Budgetary Policy Coordination. In his view, it was a raft of documents marked by the exit from the crisis and the return to economic normality. He stressed that the decision to propose abrogating the excessive deficit procedure against France was a good illustration of this. The same applied to the situation in Spain, which, like all the other euro area countries, would be well under the 3% budget deficit ceiling this year. The Convergence Report also confirmed that after 10 years of crisis, the euro area could once again contemplate the prospect of future enlargements without anxiety.

Moreover, the calmer context on the growth front meant that more attention could be devoted to the structural issues that were important for the cohesion of the EU. He referred here to the fight against aggressive tax planning practices; the country-specific recommendations for seven Member States – Belgium, the Netherlands, Luxembourg, Malta, Cyprus, Ireland and Hungary – would contain specific recitals in this connection, reflecting the efforts made to combat these practices.

Mr MOSCOVICI then pointed out that the solid recovery now underway should not lead to any relaxation of economic and budgetary discipline. He therefore recommended that, for Spain and Slovenia, which were now experiencing high growth but still suffering from the effects of the crisis, the matrix benchmark should be adhered to and a fiscal effort of 0.6% of GDP be proposed in 2019. To go beyond that figure would suggest that their economies were overheating; there was no evidence for this and it would be hard for people on the ground to understand, particularly in view of the very high level of unemployment. He also recommended relaunching the procedure for a significant deviation from the deficit adjustment path for Romania and launching a new procedure for Hungary; both countries were pursuing reflationary policies even though their economies were enjoying solid growth.

Lastly, on the key question of debt reduction, reports under Article 126(3) of the Treaty on the Functioning of the European Union had once again been drawn up for Belgium and Italy. The report on Belgium concluded that it was not possible to establish with certainty that the country was not complying with the preventive arm of the pact, but additional efforts in 2018 would be welcome to guarantee debt reduction in the future. In Italy’s case, the report did not recommend opening the procedure, but raised the need for a broader discussion of how to ensure that the country stayed firmly within the stability rules.

Mr MOSCOVICI ended his presentation by noting that the recommendation for Poland took into account the situation concerning the rule of law in that country.

For her part, Ms THYSSEN welcomed the growing importance attached to the European Pillar of Social Rights in the European Semester cycle, noting that 40% of the country-specific recommendations in 2018 concerned social issues. She pointed out that the proclamation of the Pillar had been a real game-changer and the social scoreboard was now systematically used as monitoring instrument to evaluate the situation in general in the various Member States. Nevertheless, it was important to be selective before translating social issues into recommendations, particularly in view of the stated goals of reducing the number of country-specific recommendations and continuing to rationalise the European Semester exercise.

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

- the need to demonstrate to the public that the Union’s policies took their concerns on board, particularly in order to counter the current populist discourse;

- in this context, the need to maintain an approach aimed at strengthening the resilience of EU economies while taking into account the serious social consequences of the crisis and avoiding the adoption of measures likely to weaken growth;

- the general observation that the results of the Union’s economic and fiscal governance were positive, and the need to take advantage of the current favourable economic climate to consolidate the Union’s finances and reduce deficits; emphasis on the internal and external threats that might weigh on EU economic growth in the longer term;

– the importance of adhering to the rules and the ‘matrix’ to define the fiscal effort required from each Member State in order to demonstrate the credibility of the process and acknowledge the efforts already made by several Member States; the need, however, to take advantage of the flexibility offered by the method, taking account of all the key performance indicators.

While acknowledging the validity of the matrix-based method used to determine the annual fiscal adjustment, the PRESIDENT pointed out that no evaluation of this adjustment could ignore the political considerations that had to be factored in, in order to draw a balanced conclusion. He cited the example of Spain where, in spite of sustained growth, the rate of unemployment was still high, particularly youth and long-term unemployment. In his view, it would be difficult to explain to the Spanish people affected by this high unemployment that their country was enjoying good economic times. On a general note, he felt that it was preferable to prioritise solutions that the governments concerned could implement effectively. He therefore suggested to Mr DOMBROVSKIS and Mr MOSCOVICI that they assess all these factors in order to arrive at a consensual proposal that could be clearly communicated and understood.

Following the guideline received from the PRESIDENT and after stressing the importance of retaining both the possibility of recommending greater efforts during periods of economic upturn and the possibility of obtaining more positive results by carefully calibrating the recommendations, Mr DOMBROVSKIS and Mr MOSCOVICI proposed to the College that the recommendation to Spain and Slovenia should be to make an annual structural adjustment of 0.65% of their GDP in 2019.

The PRESIDENT noted the College’s agreement on this proposal.

Following the discussion and subject to the introduction of the above proposal in COM(2018) 408/2 concerning Spain and COM(2018) 423/2 concerning Slovenia and to a final general clean-up of the texts, the Commission:

- adopted the recommendations for Council recommendations set out in COM(2018) 408/3 – Spain, COM(2018) 411/2 – Italy, COM(2018) 416/2 – Hungary, COM(2018) 420/2 – Poland, COM(2018) 422 – Romania and COM(2018) 423/3 – Slovenia, for transmission to the European Council and the Council and, for information, to the European Parliament, the European Central Bank, the European Economic and Social Committee, the Committee of the Regions, the European Investment Bank and the national parliaments;

- approved the report concerning Italy in COM(2018) 428 for transmission to the Council and, for information, to the European Parliament and the national parliaments;

- adopted the recommendations concerning Romania in COM(2018) 430 and COM(2018)432, for transmission to the Council and, for information, to the European Parliament and the national parliaments, together with the staff working document SWD(2018) 366, the contents of which were noted;

- adopted the recommendation concerning Hungary in COM(2018) 431, for transmission to the Council and, for information, to the European Parliament and the national parliaments, together with the staff working document SWD(2018) 368, the contents of which were noted;

- adopted the Commission recommendations concerning Romania and Hungary in C(2018) 3181 and C(2018) 3183, for notification to the Member States concerned and transmission, for information, to the Council and the European Parliament;

- adopted the Commission opinion on the updated Draft Budgetary Plan for Spain in C(2018) 3182/2, for notification to Spain and transmission, for information, to the Council and the European Parliament, together with the staff working document SWD(2018) 367/2, the contents of which were noted.

On a proposal from the PRESIDENT, the Commission also confirmed the adoption by written procedure at 12.00 on that day (23 May) of the two communications, the convergence report and the recommendations for Council recommendations currently set out in the documents distributed respectively as COM(2018) 400/3 (PE/2018/3255), COM(2018) 335 (PE/2018/3251), COM(2018) 370 (PE/2018/3404), COM(2018) 401/2 (PE/2018/3457) – Belgium, COM(2018) 402 (PE/2018/3431) – Bulgaria, COM(2018) 403 (PE/2018/3440) – Czech Republic, COM(2018) 404 (PE/2018/3428) – Denmark, COM(2018) 405 (PE/2018/3427) – Germany, COM(2018) 406 (PE/2018/3420) Estonia, COM(2018) 407/2 (PE/2018/3453) – Ireland, COM(2018) 409 (PE/2018/3435) – France, COM(2018) 410 (PE/2018/3417) – Croatia, COM(2018) 412/2 (PE/2018/3456) – Cyprus, COM(2018) 413 (PE/2018/3437) – Latvia, COM(2018) 414 (PE/2018/3416) – Lithuania, COM(2018) 415/2 (PE/2018/3452) – Luxembourg, COM(2018) 417/2 (PE/2018/3451) – Malta, COM(2018) 418/2 (PE/2018/3450) – Netherlands, COM(2018) 419 (PE/2018/3421) – Austria, COM(2018) 421 (PE/2018/3444) – Portugal, COM(2018) 424 (PE/2018/3414) – Slovakia, COM(2018) 425 (PE/2018/3418) – Finland, COM(2018) 426 (PE/2018/3438) – Sweden, COM(2018) 427 (PE/2018/3449) – United Kingdom, and the report on Belgium and the recommendation for a Council Decision concerning France distributed respectively as COM(2018) 429 (PE/2018/3454) and COM(2018) 433 (PE/2018/3383).

19. STATEMENT OF ESTIMATES OF THE COMMISSION FOR 2019 – PREPARATION OF THE 2019 DRAFT BUDGET (SEC(2018) 250 TO /3, DOCUMENTS I, II, III, IV AND V; RCC(2018) 85)

20. PROPOSAL FOR A DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON THE MOBILISATION OF THE EU SOLIDARITY FUND TO PROVIDE FOR THE PAYMENT OF ADVANCES IN THE

GENERAL BUDGET OF THE UNION FOR 2019
(COM(2018) 281; RCC(2018) 85)

21. **PROPOSAL FOR A DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON THE MOBILISATION OF THE FLEXIBILITY INSTRUMENT TO FINANCE IMMEDIATE BUDGETARY MEASURES TO ADDRESS THE ON-GOING CHALLENGES OF MIGRATION, REFUGEE INFLOWS AND SECURITY THREATS AS WELL AS THE EXTENSION OF THE STRUCTURAL REFORM POLICY**
(COM(2018) 280; RCC(2018) 85)

22. **PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AMENDING REGUALATION (EU, EURATOM) 883/2013 CONCERNING INVESTIGATIONS CONDUCTED BY THE EUROPEAN ANTI-FRAUD OFFICE (OLAF) AS REGARDS COOPERATION WITH THE EUROPEAN PUBLIC PROSECUTOR'S OFFICE AND THE EFFECTIVENESS OF OLAF INVESTIGATIONS**
(COM(2018) 338 AND /2; SWD(2018) 251; RCC(2018) 82)

Mr OETTINGER outlined the Commission's statement of estimates forming the basis for the 2019 draft general budget soon to be submitted by the Commission to the European Parliament and the Council, who would in turn start the budgetary procedure that should lead them, together with the Commission, to the final adoption of the 2019 general budget of the European Union.

He pointed out that it was the sixth draft budget under the Union's current Multiannual Financial Framework for 2014-2020. The 2019 draft budget was designed in such a way as to optimise the financing for ongoing programmes in the areas of employment, youth and investment, and for new initiatives including those relating to migration, solidarity and security on both sides of the EU's borders in order to produce maximum European added value for its citizens.

Mr OETTINGER explained that the Commission's proposal covered a total amount of EUR 166 billion in commitment appropriations, an increase of 3.1% compared with 2018, and EUR 149 billion in payment appropriations, an increase of 2.7%. It was based on the premise that the United Kingdom, following its withdrawal on 30 March 2019, would continue to contribute to and participate in the implementation of the EU's budgets until the end of 2020 as if it were still a Member State. He added that the allocation to support growth would amount to almost EUR 80 billion in commitment appropriations in 2019 with, in particular, planned increases in favour of a number of flagship programmes. The proposed allocations amounted to EUR 12.5 billion for research and innovation under the Horizon 2020 programme, an increase of 8.4% on 2018; EUR 2.6 billion for education under the Erasmus+ programme, an increase of 10.4% on 2018; EUR 3.8 billion for the Connecting Europe Facility , an increase of 36.4%, not forgetting an additional EUR 233.3 million for the Youth Employment Initiative, which aimed to support people living in regions where youth unemployment was high and could be accompanied by financing from the European Social Fund.

For the Commission, the 2014-2020 Cohesion Policy programmes would remain at cruising speed in 2019 with an amount of EUR 57 billion, 2.8% more than in 2018, and the financing of the Common Agricultural Policy would remain practically unchanged at almost EUR 60 billion, an increase of 1.2% on 2018.

Mr OETTINGER added that in the 2019 draft budget, the Commission would pay particular attention to migration and border management, with (i) reform of the common European asylum system in order to guarantee a more efficient, fair and humane asylum policy, (ii) the new entry/exit system aiming to better manage borders, (iii) the strengthening of the European Border and Coast Guard, the European Union Agency for Asylum and other agencies dedicated to border and visa issues, (iv) an additional amount of EUR 1.5 billion for the refugee facility in Turkey in order to continue financing food, education and accommodation for people fleeing the conflict in Syria, and finally (v) the implementation of the Partnership Framework with third countries under the European Agenda on Migration and the European Fund for Sustainable Development aimed at addressing the deeper causes of migration.

He also presented the new initiatives that would receive funding in this draft budget, namely (i) EUR 103 million for the European Solidarity Corps, (ii) EUR 11 million for the creation of the new European Labour Authority, (iii) EUR 40 million for the extension of the Structural Reform Support Programme in the Member States, (iv) EUR 245 million for the implementation of the European Defence Industrial Development Programme in order to move towards a European Defence Union, (v) EUR 150 million to increase the reaction capacity in the event of earthquakes, forest fires and other disasters in Europe thanks to 'rescEU', a reserve of civil protection capabilities at EU level comprising material and human resources, and lastly (vi) EUR 5 million for the creation of the new European Public Prosecutor's Office responsible for prosecuting cross-border crime.

He closed his presentation by mentioning the administrative expenditure heading, for which the overall allocation represented a 3% increase, largely explained by the cost of pensions.

The PRESIDENT closed this agenda item by thanking Mr OETTINGER for his presentation and all those at the Directorate-General for Budget and other Commission departments who had made a contribution to the drafting of this statement of estimates for the 2019 budget.

The Commission:

– adopted the statement of estimates as set out in documents I, II, III, and IV, distributed as SEC(2018) 250/2, and document V, distributed as SEC(2018) 250/3, as a basis for drawing up the draft general budget of the European Union for the 2019 financial year;

– authorised Mr OETTINGER, the Member of the Commission with responsibility for the budget and human resources, to send documents I, II, III and IV to the European Parliament and the Council, for information;

- empowered Mr OETTINGER, the Member of the Commission with responsibility for the budget and human resources, in agreement with the PRESIDENT, to finalise documents I, II, III, IV, and V and to convert documents I, II, III and IV into the corresponding volumes of the draft general budget for the 2019 financial year, and to send them to the European Parliament and the Council and, for information , to the national parliaments;

- empowered Mr OETTINGER, the Member of the Commission with responsibility for the budget and human resources, in agreement with the PRESIDENT and in accordance with Article 314(1) of the Treaty on the Functioning of the European Union, to consolidate the draft general budget for the 2019 financial year on the basis of the latest information supplied by the other institutions concerning their own statements of estimates, which might contain different estimates;

- adopted the proposals for decisions of the European Parliament and of the Council on the mobilisation of the European Union Solidarity Fund and of the flexibility instrument set out in COM(2018) 281 and COM(2018) 280, respectively, for transmission to the European Parliament and the Council and, for information, to the national parliaments;

- adopted the proposal for a Regulation in COM(2018) 338/2, for transmission to the European Parliament, the Council, the Court of Auditors and the national parliaments, together with the staff working document distributed as SWD(2018) 251, the contents of which were noted.

23. COMMISSION DECISION ON A PROCEEDING UNDER ARTICLE 102 OF THE TREATY ON THE FUNCTIONING OF THE EUROPEAN UNION AND ARTICLE 54 OF THE AGREEMENT ON THE EUROPEAN ECONOMIC AREA (*CASE AT.39816 – UPSTREAM GAS SUPPLIES IN CENTRAL AND*

***EASTERN EUROPE*)**
(C(2018) 3106 TO /4; RCC(2018) 83)

Ms VESTAGER presented the draft Decision, the aim of which was to make legally binding the commitments submitted to the Commission by *Public Joint Stock Company Gazprom* and *Gazprom export LLC* in the case concerning upstream gas supplies in Central and Eastern Europe.

On a proposal from the PRESIDENT, the Commission confirmed that the Decision set out in C(2018) 3106 to /4 would be formally adopted by finalisation written procedure, the deadline for which was set at 10.00 on 24 May 2018 (PE/2018/3082).

24. PROPOSAL FOR A DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON THE REDUCTION OF THE IMPACT OF CERTAIN PLASTIC PRODUCTS ON THE ENVIRONMENT
(COM(2018) 340 AND /2; SWD(2018) 254 AND /2; SWD(2018) 255; SWD(2018) 256 AND /2; SWD(2018) 257; SEC(2018) 253; RCC(2018) 80)

Mr KATAINEN presented the proposal for a Directive on the reduction of the impact of certain plastic products on the environment.

Firstly, he reminded the College that the general public had welcomed the first-ever European Strategy for Plastics, adopted on 16 January, which announced the preparation of targeted measures to reduce the environmental impact of single-use plastics and lost or abandoned fishing gear. He explained that the choice of a directive to legislate in that area would offer Member States greater flexibility, as they would be able to decide how to achieve the targets set. He also highlighted the fact that it was not only EU citizens, but also the Member State governments and industry, who were awaiting the proposal, and that it should therefore receive their support provided that appropriate communication took place. Generally speaking, he felt it was important not to underestimate the fact that citizens were willing to change their behaviour and make the necessary choices in order to limit the environmental impact of plastic products. He also pointed out that greater responsibility for producers and the promotion of innovative alternatives to plastic products would encourage industry to play its part in reducing their environmental impact.

Mr VELLA stressed the global nature of the environmental issues caused by the widespread use of plastic products around the world, which explained why these issues were being addressed by the G7, the G20 and the United Nations Environment Programme, and why they had been included in the Sustainable Development Goals. Every year, 8 to 12 million tonnes of plastic material ended up in the sea, contributing to a build-up of a product that decomposed very slowly and led to environmental problems that by their very nature transcended borders, hence the need for joint action at international level.

He noted that single-use plastics accounted for half of plastic marine litter found on EU beaches and that the ten most frequently used single-use plastic products accounted for 86% of those products. That was why the proposal for a Directive, which set environmental-impact reduction targets for the ten most-used single-use plastic products and lost or abandoned fishing gear, would make it possible to cover at least 70% of marine litter.

Mr VELLA also pointed out that the approach put forward to limit the use of single-use plastics fitted in perfectly with the wider strategy to promote a circular economy, which was supported by almost 90% of EU citizens. He therefore took the view that the initiative tabled for adoption was not only entirely consistent with the EU's policies and priorities, but was also much-awaited by citizens, who wanted the EU to play a leading role in environmental protection in Europe and worldwide.

He also called on the College not to underestimate children's ability to understand the need to change habits and behaviour, as well as industry's ability to develop alternatives or even to voluntarily ban the use of certain plastic products by naturally keeping step with changes in society and more responsible consumption patterns.

Lastly, he referred to the many measures introduced in the Member States banning the use of certain products, mostly with public support, which undermined the single market, as they used a number of different approaches and methods, whereas the challenge to be addressed was on a global scale and required concerted action at EU level.

Mr VELLA concluded by stating that the greatest communication risk to the EU's image and reputation would be to fail to propose any measures to tackle pollution of the environment and of marine ecosystems, which was increasingly damaging and was now visible to all.

Mr TIMMERMANS pointed out that the aim of the Commission's proposal was not so much to prohibit the use of certain plastic products but rather to encourage alternatives that were already available or to develop new ones thanks to innovation. Furthermore, he took the view that industry was fully involved in developing alternatives and encouraging sustainable behaviour, to which it had to adapt in order to ensure the longevity and growth of businesses in the EU. He stressed that he viewed the proposal as a direct response to citizens' aspirations in terms of environmental protection, and that it was therefore an excellent communication opportunity.

On a proposal from the PRESIDENT, the Commission confirmed that the proposal for a Directive set out in COM(2018) 340/2 would be formally adopted by finalisation written procedure, the deadline for which was set at 10.00 on 28 May 2018 (PE/2018/3218).

25. OTHER BUSINESS

25.1. POLITICAL SITUATION IN ITALY

The Commission briefly discussed the latest developments in Italy where a new government was due to be appointed.

25.2. RECENT DEVELOPMENTS IN TRADE RELATIONS

The Commission reviewed the latest developments in the area of international trade.

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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 11.38.