EUROPEAN COMMISSION

SECRETARIAT-GENERAL

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Brussels, 18 June 2019

TEXTE EN

<u>MINUTES</u>

of the 2298th meeting of the Commission

held in Brussels

(Berlaymont)

on Wednesday 5 June 2019

(morning)

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<u>Single sitting</u>: Wednesday 5 June 2019 (morning)

The sitting opened at 10.23 with Mr JUNCKER, President, in the chair.

<u>Present</u>:

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	
Mr HAHN	Member	Items 6/7 (in part) to 12
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	Items 1 to 11
Mr STYLIANIDES	Member	
Mr HOGAN	Member	
Ms JOUROVÁ	Member	
Mr NAVRACSICS	Member	
Ms CREȚU	Member	
Mr MOEDAS	Member	
Ms GABRIEL	Member	

Absent:

Mr ŠEFČOVIČ	Vice-President
Ms BULC	Member
Ms BIEŃKOWSKA	Member
Ms VESTAGER	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 ZAKONJŠEK	Chef de cabinet to Ms BULC
Mr HUSAK	Chef de cabinet to Ms BIEŃKOWSKA
Ms JUUL-JØRGENSEN	Chef de cabinet to Ms VESTAGER
Mr MORRISON	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	
Ms AHRENKILDE HANSEN	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	
Mr LEARDINI	Deputy Secretary-General	
Mr SZOSTAK	Deputy Chef de cabinet to the PRESIDENT	
Mr THOLONIAT	Adviser in the PRESIDENT's Office	Items 1 to 7
Mr REMY	PRESIDENT's Office	
Mr SUARDI	Chef de cabinet to Mr DOMBROVSKIS	Items 1 to 7
Mr HAGER	Chef de cabinet to Mr OETTINGER	Items 1 to 5
Mr KLEINER	Deputy Chef de cabinet to Mr OETTINGER	Items 8 to 10
Mr BAILLY	Chef de cabinet to Mr MOSCOVICI	Items 1 to 7
Mr HAAG	Director in the Secretariat-General	Items 6 and 7
Ms VILA NUÑEZ	Secretariat-General	
Ms ANDREEVA	Commission Spokesperson's Service	
Ms BREIDTHARDT	Commission Spokesperson's Service	Items 6 and 7

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

1. AGENDAS (OJ(2019) 2298/FINAL; SEC(2019) 2298/FINAL)

The Commission took note of that day's agenda and of the tentative agendas for forthcoming meetings. It also took note of the addition of item 5 (on administrative decisions) to that day's agenda.

2. WEEKLY MEETING OF CHEFS DE CABINET (RCC(2019) 2298)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 3 June 2019.

3. APPROVAL OF THE MINUTES OF THE 2295TH, 2296TH AND 2297TH MEETINGS OF THE COMMISSION (15, 22 AND 29 MAY 2019)

The Commission held over approval of the minutes of its 2295th, 2296th and 2297th meetings for a later meeting.

4. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

4.1. WRITTEN PROCEDURES APPROVED (SEC(2019) 230 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 27 and 31 May 2019.

4.2. EMPOWERMENT (SEC(2019) 231 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 27 and 31 May 2019.

4.3. DELEGATION / SUBDELEGATION OF POWERS (SEC(2019) 232 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 27 and 31 May 2019 archived in D*e*cide.

4.4. SENSITIVE WRITTEN PROCEDURES (SEC(2019) 233 AND /2)

The Commission took note of the sensitive written procedures for which the time limit expired between 3 and 7 June 2019 and of the finalisation written procedure initiated following the weekly meeting of Chefs de cabinet on Monday 3 June 2019.

5. ADMINISTRATIVE AND BUDGETARY MATTERS (SEC(2019) 234)

ADMINISTRATIVE MATTERS
(PERS(2019) 53)

At the invitation of the PRESIDENT, Mr OETTINGER presented three proposals for decisions to be directly submitted for approval by the College (see items 5.1 to 5.3 of the minutes).

He explained that these proposals related to (i) the approval of a list of candidates for the post of Executive Director of the European Union Agency for Network and Information Security (ENISA), (ii) the approval of a list of candidates for the post of Director of the European Institute of Innovation and Technology (EIT), and (iii) the extension of the term of office of the Executive Director of the European Border and Coast Guard Agency (Frontex).

5.1. DG COMMUNICATION NETWORKS, CONTENT AND TECHNOLOGY – LIST OF CANDIDATES FOR THE AD14 POST OF EXECUTIVE DIRECTOR OF THE EUROPEAN UNION AGENCY FOR NETWORK AND INFORMATION SECURITY (ENISA) (PERS(2019) 14 TO /3)

The Commission took note of the information set out in point 1 of PERS(2019) 53 and, on a proposal from Mr OETTINGER, in agreement with the PRESIDENT and after consulting Ms GABRIEL, decided:

– to approve the list of three candidates, presented in alphabetical order, set out in point 1 of PERS(2019) 53, for the post of Executive Director of the European Union Agency for Network and Information Security (ENISA), and to consider this list as the Commission proposal;

– to instruct Ms GABRIEL to communicate this list to the Management Board of the European Union Agency for Network and Information Security (ENISA).

These decisions would take effect immediately.

5.2. DG EDUCATION, YOUTH, SPORT AND CULTURE – LIST OF CANDIDATES FOR THE AD14 POST OF DIRECTOR OF THE EUROPEAN INSTITUTE OF INNOVATION AND TECHNOLOGY (EIT) (PERS(2019) 15 TO /3)

The Commission took note of the information set out in point 2 of PERS(2019) 53 and, on a proposal from Mr OETTINGER, in agreement with the PRESIDENT and after consulting Mr NAVRACSICS, decided:

– to approve the list of three candidates, presented in alphabetical order, set out in point 2 of PERS(2019) 53, for the post of Director of the European

Institute of Innovation and Technology (EIT), and to consider this list as the Commission proposal;

– to instruct Mr NAVRACSICS to communicate this list to the Governing Board of the European Institute of Innovation and Technology (EIT).

These decisions would take effect immediately.

5.3. DG MIGRATION AND HOME AFFAIRS – EXTENSION OF THE TERM OF OFFICE OF THE EXECUTIVE DIRECTOR OF THE EUROPEAN BORDER AND COAST GUARD AGENCY (FRONTEX), AT GRADE AD15

The Commission took note of the information in point 3 of PERS(2019) 53 and, on a proposal from Mr OETTINGER, in agreement with the PRESIDENT, and having consulted Mr AVRAMOPOULOS and also Mr TIMMERMANS, decided:

– to propose to the Management Board of the European Border and Coast Guard Agency to extend the term of office of Mr Fabrice LEGGERI as Executive Director for five years, from 16 January 2020, and to reclassify his Executive Director contract to grade AD15;

– to instruct Mr AVRAMOPOULOS to communicate this decision to the Management Board of the European Border and Coast Guard Agency.

These decisions would take effect immediately.

6. EUROPEAN SEMESTER OF ECONOMIC AND BUDGETARY POLICY COORDINATION FOR 2019 – 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(2019) 500 TO /3; RCC(2019) 63)

7. EUROPEAN SEMESTER OF ECONOMIC AND BUDGETARY POLICY COORDINATION FOR 2019 – COMMISSION RECOMMENDATIONS FOR COUNCIL RECOMMENDATIONS ON THE NATIONAL REFORM PROGRAMMES AND STABILITY OR CONVERGENCE PROGRAMMES OF EACH MEMBER STATE FOR 2019
(COM(2019) 501 AND /2; COM(2019) 502 AND /2; COM(2019) 503 AND /2; SEC(2019) 504; COM(2019) 505 AND /2; SEC(2019) 506; COM(2019) 507 AND /2; COM(2019) 508 AND /2; SEC(2019) 509; COM(2019) 510 AND /2; COM(2019) 511 TO /4; COM(2019) 512 TO /3; COM(2019) 513 TO /3; COM(2019) 514; COM(2019) 515; COM(2019) 516; COM(2019) 517 TO / 4; COM(2019) 518 AND /2; COM(2019) 519; COM(2019) 520; COM(2019) 521 TO /3; COM(2019) 522; COM(2019) 523 TO /3; COM(2019) 524; COM(2019) 525; COM(2019) 526 AND /2; COM(2019) 527; COM(2019) 528; RCC(2019) 63)

The PRESIDENT asked Mr DOMBROVSKIS, Mr MOSCOVICI and Ms THYSSEN to present the set of reports and recommendations, comprising the European Semester of Economic and Budgetary Policy Coordination 2019 Spring Package, that the Commission proposed to approve and send to the Council that day.

Mr DOMBROVSKIS made some introductory remarks on the general economic climate in the Union, which was positive: uninterrupted growth for the seventh year running, a recovery in investment, an improvement in public finances and record levels of employment. However, he noted significant differences between the Member States in terms of both performance and policies, and regretted that some States had not taken advantage of the good times to build fiscal buffers and implement reforms.

Mr DOMBROVSKIS then turned to the **country-specific recommendations** that the Commission was proposing that day to the Council to address to the 28 EU Member States. These recommendations reflected the significant effort still needed to make European economies more competitive, resilient and capable of addressing the challenges facing them, such as digitalisation, an ageing population and climate change, and also to enable them to make their growth more inclusive.

He highlighted two innovations introduced in the country-specific recommendations for 2019. The first of these took the form of a specific recommendation concerning each Member State’s priority investment needs, which could be met by private and public sources, in particular the Union’s Structural and Investment Funds. The second new feature was a recommendation on money laundering addressed to certain Member States that were slow in introducing and implementing their anti-money laundering frameworks, thereby seriously undermining confidence in the financial system.

Mr DOMBROVSKIS added that the Commission was also presenting that day a set of proposals for decisions under the Stability and Growth Pact, taking into account the College’s policy debate on this question at its meeting on 29 May 2019.

The Commission proposed, first, to **abrogate the excessive deficit procedure** opened 10 years ago for Spain. The structural effort required of Spain would be reduced from 1% to 0.65% in 2020.

However, he proposed relaunching the **procedures** against Hungary and Romania **for a significant deviation** from their adjustment path towards their medium-term budgetary objectives, given that these two Member States had not followed the previous recommendations.

Lastly, he said that the Commission was that day presenting **reports under Article 126(3) of the Treaty on the Functioning of the European Union** assessing whether an excessive deficit procedure should be opened against four Member States (Belgium, Cyprus, France and Italy).

He confirmed, following the debate on 29 May, that the Commission proposed not to open a new procedure in the cases of Belgium, Cyprus and France.

With regard to Italy, he noted that according to the report, Italy did not comply with the public debt criterion and that an excessive deficit procedure based on that criterion was justified.

He recalled that the previous week Mr MOSCOVICI and he had sent, on behalf of the Commission, a letter to the Italian finance minister asking him to state his viewpoint. In reply, the minister had underscored the possibility of slightly better results in 2019 without, however, giving reasons that might change the Commission’s analysis.

Nevertheless, Mr MOSCOVICI stressed that at the present moment the idea was not to open an excessive deficit procedure against Italy, but to give the Member States the opportunity to express their views, in the opinion to be delivered by the Economic and Financial Committee in the coming fortnight, and above all in the exchange of views to be held in the meetings of the Eurogroup on 13 June and of the Economic and Financial Affairs Council the following day.

Lastly, Mr DOMBROVSKIS raised the subject of the third report on Greece under the enhanced surveillance framework introduced following the completion of the final assistance programme for Greece. Thanks to the reforms undertaken by the Greek authorities under the European assistance programmes and the current enhanced surveillance, the country’s economy had recovered, giving rise, in particular, to an increase in employment and private demand. Last April, the Eurogroup had therefore activated the first set of policy-contingent debt measures. However, this positive dynamic was now being held back or even reversed owing to the expansionary fiscal measures announced by the Greek government in May 2019, representing a cost of over 1% of Greece’s GDP, which were not appropriate since they jeopardised the achievement of a primary surplus target of 3.5% of GDP for 2019 and beyond. In conclusion, he noted that the Greek authorities wished to obtain a revision of their budgetary objectives, which meant that the discussion at the Eurogroup meeting on 13 June promised to be difficult.

Mr MOSCOVICI took the floor and drew three key messages from this Spring 2019 set of measures, the last of the current Commission's term of office.

First, the proposed abrogation of the excessive deficit procedure for **Spain** closed the cycle of procedures opened almost ten years ago, during the financial crisis, which was good news.

Second, from now on the recommendations addressed to the Member States under the European Semester formed part of European economic governance and were based on the Commission's sound expertise, with a view to encouraging the implementation of priority structural reforms to support growth and employment. An additional dimension this year was the recommendations aimed at encouraging the fight against money laundering in six Member States, safeguarding the independence of the judiciary and the rule of law in two others, and combating aggressive tax planning in six Member States.

Third, the Commission was facing up to its responsibilities with regard to a number of Member States who were in sensitive fiscal positions.

With regard to **Greece**, Mr MOSCOVICI explained that the Commission would present that day its third report under the enhanced surveillance framework that had been put in place following the completion of the latest European assistance programme for the country. He noted that Greece had begun this new chapter in an overall positive way with a budget surplus for the third consecutive year in 2018, but that since February 2019 it had been late in implementing its reform commitments and had even recently announced measures that were worrying in terms of their budgetary impact. Nonetheless, whoever formed the next government, the Commission would continue to help Greece achieve a lasting economic recovery.

With regard to **Hungary** and **Romania**, both countries were implementing expansionary fiscal policies instead of fiscal consolidation in a favourable economic environment, as required by the rules. Given that they had not followed the previous recommendations, the Commission had suggested to the Council that the significant deviation procedure be reopened for these two countries. This procedure was to be applied for 2019 and 2020, requiring an annual fiscal effort of 1% for Hungary and 0.75% for Romania.

He then referred to the reports under Article 126(3) of the Treaty on the Functioning of the European Union, which examined the reasons why **France, Belgium, Cyprus and Italy** had failed to comply with one or both of the debt and public deficit criteria. The analysis had taken into account the forecasts for 2019 and 2020, as well as all ‘relevant factors’.

The report on **France** concluded that both the deficit and debt criteria had been satisfied. In terms of the deficit, the breach of the 3% ceiling projected for 2019 would be limited in terms of volume (3.1% of GDP) and time (to just one year) given that it had been caused by a structural reform to be implemented in 2019, representing 0.9% of GDP. France’s deficit would subsequently fall back well below the 3% ceiling in 2020. Moreover, in terms of public debt, France had broadly complied with the preventive arm of the Stability and Growth Pact, which was a relevant factor for not proposing an excessive deficit procedure.

He went on to note that **Belgium**’s situation was so borderline as to make it impossible to draw any firm conclusions. Although the country’s structural balance was neutral in 2018 and projected to be so again in 2019 instead of improving, the government was gradually reducing public debt and forecasts showed that the nominal deficit would remain well below the ceiling of 3% of GDP.

In relation to **Cyprus**, the country's overall deficit had reached 4.8% of GDP in 2018, hence the Commission’s report under Article 126(3) of the Treaty on the Functioning of the European Union. However, this deficit had been caused by bank bailout measures that were essential to preserve the country’s financial stability. In addition, for both 2019 and 2020, the Commission expected Cyprus to achieve a substantial budget surplus and reduce its public debt. For all of these reasons, the Commission proposed not to open an excessive deficit procedure, especially since no additional adjustments were necessary and such a procedure would bring little added value.

Mr MOSCOVICI then turned to **Italy**, whose 2018 figures had forced the Commission to draw up the report under Article 126(3) of the Treaty on the Functioning of the European Union. He explained that, far from falling, public debt — which was placing a severe strain on the Italian economy — had increased from 131% to 132% of the country's GDP, and that the structural deficit, rather than decreasing by 0.3% of GDP as recommended by the Council, had again increased, by 0.1%. In addition, the Commission expected the structural balance to deteriorate slightly in 2019, despite the fact that the Italian authorities had been advised to improve it by 0.6% and that in December 2018 they had undertaken to ensure that the structural deficit would not increase. Lastly, Italy's deficit was forecast to increase significantly in 2020 in nominal terms, to 3.5% of GDP, as was the structural deficit, with public debt potentially rising to 135%. Based on these objective data and after examining the relevant factors, the Commission concluded that Italy had failed to comply with the debt criterion and that an excessive deficit procedure was justified in this respect.

Looking ahead, he pointed out that the Member States would be asked for their views on the Commission's analysis and the need for an excessive deficit procedure. The Commission's report would be discussed in the coming days by the Economic and Financial Committee, which was preparing the work and debates of the Economic and Financial Affairs Council ahead of the Eurogroup meeting on Thursday 13 June.

If the need for an excessive deficit procedure was confirmed, Mr MOSCOVICI said that the Commission would then have to propose a recommendation along these lines, together with a multi-year fiscal adjustment path, which would be submitted for approval by the Union's Ministers of Economic Affairs and Finance at their meeting on 9 July. Italy would then have 3 to 6 months to implement the required fiscal effort, which would coincide with the start of the next Commission's mandate and involve the examination of the draft 2020 budget in the autumn.

Ms THYSSEN, meanwhile, stressed that the highly positive labour market situation in the Union must not mask the differences between Member States and regions, or cause those parts of the population that were being left behind to be forgotten. To achieve inclusive growth, Member States would need to implement the European Pillar of Social Rights and continue the reforms in social affairs and employment, among other areas.

She welcomed the fact that, this year, the country-specific recommendations presented by the Commission heavily emphasised each country's investment priorities to ensure that these reforms could be completed successfully. Many of these priorities could benefit from EU Structural and Investment Funds. She took the opportunity to praise the closer link which had now been established between the European Semester of economic policy coordination and the EU financing.

Ms THYSSEN focused on five of the key conclusions from all of the spring reports and recommendations. **First**, efforts needed to be stepped up to improve the working conditions of the most vulnerable groups, starting with the working poor, and to make it easier to move from precarious to permanent employment. **Second**, she felt that the growth of non-standard work and self-employment was forcing a rethink of ways of ensuring adequate social security coverage for all. **Third**, the speed of change required people to adapt and innovate, hence the need to invest in them, starting with addressing inequalities in education and lifelong learning. **Fourth**, she believed reforms were urgently needed in order to tackle seriously, without delay, the consequences of the ageing of the European population for the viability of retirement, healthcare and long-term care systems, in order to control costs and ensure intergenerational fairness. **Fifth and last**, despite the constant improvement in gender equality, inequalities persisted in terms of pay and employment, for which Member States needed to provide concrete solutions while guaranteeing a better work-life balance and proposing affordable childcare solutions and long-term care for the elderly.

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

– satisfaction that regional and territorial disparities were now taken into consideration more fully in the country-specific recommendations under the European Semester, which made it possible to better steer investment;

on Italy

– the caution the Commission needed to exercise, in its communication activities, on the subject of the recommendations and reports presented that day with regard to Italy, in the context of the current domestic political situation, in view of the possible partisan interpretation and misuse of messages from the European institutions;

– the suggestion from some quarters that, in its communication activities, the Commission should emphasise the fact that Italy’s economic difficulties were structural rather than cyclical in nature, as shown by the weak growth, which was lower than the average in the euro zone since the creation of the single currency;

– a reminder of the long process that had led to that day's conclusions on Italy's excessive deficit;

– a recommendation to state clearly that the Commission was presenting its analysis that day but that it was now up to the Member States to assume their responsibilities and to decide whether there was a risk that the deficits noted in Italy would have repercussions on their economies and their own citizens, and whether there was therefore a need to consider the possibility of launching the excessive deficit procedure;

- the desire to reiterate the fact that the Commission's analysis was based on objective data, that the institution was the guardian of the Union's treaties and that it had already suggested launching excessive deficit procedures for a large number of Member States during the financial crisis;

- the possibility, which could not be ruled out, that the threat of an excessive debt procedure could prompt certain political actors and economic sectors to mobilise in the country in order to avoid it;

- some questions on the timetable for the increase in value added tax and on the feasibility of the creation of minibonds and their potential compliance with the European treaties.

Mr DOMBROVSKIS responded to the last question by saying that the Italian parliament had submitted a motion in which it asked for the introduction of minibonds, but that the Italian finance minister had not indicated whether he intended to follow it up.

With regard to the increase in value added tax rate, he pointed out that the legislation had been adopted but the Italian government kept postponing its implementation. He added that this item had been raised in the discussions the Commission had had with the Italian authorities in November 2018, during the previous phase of the European semester, but that it was still pending.

As for communication activities, he wanted the Commission to explain the economic damage that Italy's current deficits could cause to the country itself and to its citizens, for example the spread between the Italian and German 10-year borrowing rates.

Returning to the possible decision of the Council to launch an excessive debt procedure with regard to Italy, he stressed that in this scenario, the Italian government would have 3 to 6 months from the date of that decision to take effective action.

Mr MOSCOVICI added that in the current budgetary situation, the Italian authorities were not in a position to contest the Commission’s analysis regarding a potential excessive deficit procedure, as the reality of the figures was clear. Moreover, if the Commission did not raise this possibility in these precise circumstances, it was at risk of undermining its credibility as guardian of the Union’s treaties.

To avoid the Commission’s position being exploited for political ends in certain quarters in Italy, he felt it was wise to reiterate the fact that the Commission was ready to listen to the Italian authorities, and then to point out that the decision to launch an excessive deficit procedure was the Council's responsibility and that it would therefore be taken, if appropriate, by the Member States on 9 July 2019, and, finally, possibly to propose a deadline of six months instead of three to allow the Italian government to take effective corrective measures.

The PRESIDENT closed the discussion by stressing that at the present time the Commission was being observed by the Italian parliament, government and people and also by the other Member States, who wanted the Commission to ensure that the rules were applied. He recommended therefore that the language used should be nuanced but clear, strict without being excessively severe. He explained that on the basis of its duly reasoned and quantified report, the Commission would then leave it to the Economic and Financial Committee to prepare the Council decision. During the press conference, he recommended that Mr DOMBROVSKIS, Mr MOSCOVICI and Ms THYSSEN should mention only the possibility of an excessive deficit procedure.

Following these presentations, the Commission:

– approved the Communication on Country-Specific Recommendations in COM(2019) 500/3 for transmission to Parliament, the European Council, the Council, the European Central Bank, the European Economic and Social Committee, the Committee of the Regions, the European Investment Bank and, for information, to the national parliaments;

– adopted the recommendations for Council recommendations in COM(2019) 501/2 – Belgium, COM(2019) 502/2 – Bulgaria, COM(2019) 503/2 – Czech Republic, COM(2019) 504 – Denmark, COM(2019) 505/2 – Germany, COM(2019) 506 – Estonia, COM(2019) 507/2 – Ireland, COM(2019) 508/2 – Greece, COM(2019) 509 – Spain, COM(2019) 510/2 – France, COM(2019) 511/4 – Croatia, COM(2019) 512/3 – Italy, COM(2019) 513/3 – Cyprus, COM(2019) 514 – Latvia, COM(2019) 515 – Lithuania, COM(2019) 516 – Grand-Duchy of Luxembourg, COM(2019) 517/4 – Hungary, COM(2019) 518/2 – Malta, COM(2019) 519 – Netherlands, COM(2019) 520 – Austria, COM(2019) 521/3 –Poland, COM(2019) 522 – Portugal, COM(2019) 523/3 – Romania, COM(2019) 524 – Slovenia, COM(2019) 525 – Slovakia, COM(2019) 526/2 – Finland, COM(2019) 527 – Sweden, and COM(2019) 528 – United Kingdom, for transmission to the Council and, for information, to Parliament, the European Council, the European Central Bank, the European Economic and Social Committee, the Committee of the Regions, the European Investment Bank and the national parliaments.

Also, in the same Spring Package of the European semester for the coordination of economic and budgetary policies for 2019, the following acts were adopted by written procedure under Article 12(5) of the Commission's Rules of Procedure, the deadline for which was Wednesday 5 June at 12.00:

– the Recommendation for a Council decision abrogating Decision 2009/417/EC on the existence of an excessive deficit in Spain (COM(2019) 543 – PE/2019/4071);

– the updated report under the Enhanced Surveillance Framework for Greece (COM(2019) 540 – PE/2019/4070);

– the Council reports drawn up under Article 126(3) of the Treaty on the Functioning of the European Union concerning Belgium, Cyprus, France and Italy (COM(2019) 531 – PE/2019/4091, COM(2019) 530 – PE/2019/4092, COM(2019) 529 – PE/2019/4093 and COM(2019) 532 – PE/2019/4094 respectively);

– and the acts – recommendations and reports – relating to the procedures linked to compliance with the Stability and Growth Pact concerning Hungary and Romania (Hungary: COM(2019) 534 – PE/2019/4072, COM(2019) 539 – PE/2019/4073, COM(2019) 542 – PE/2019/4075 and C(2019) 5002 – PE/2019/4074; Romania: COM(2019) 533 – PE/2019/4076), COM(2019) 538 – PE/2019/4077, COM(2019) 541 – PE/2019/4078 and C(2019) 5000 – PE/2019/4079).

**8. STATEMENT OF ESTIMATES OF THE COMMISSION FOR 2020 – PREPARATION OF THE 2020 DRAFT GENERAL BUDGET
(SEC(2019) 250 TO /3, DOCUMENTS I, III, IV, V AND V BIS; RCC(2019) 65)**

**9. 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 2020
(COM(2019) 252; RCC(2019) 65)**

**10. 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
(COM(2019) 251 AND /2; RCC(2019) 65)**

Mr OETTINGER outlined to the College the statement of estimates for 2020 within the framework of preparation of the draft general budget of the Union. The draft budget for 2020, the last to be presented by the current Commission and the last to come under the Multiannual Financial Framework 2014-2020, was aimed at pursuing implementation of the Union's priorities, namely employment, growth, youth, the fight against climate change, security and solidarity, and at preparing the way for the next Multiannual Financial Framework. He explained that the proposal was based on the principle that the United Kingdom would participate fully in the implementation and financing of the 2020 budget of the Union as a Member State, but warned that amendments to the budget might be necessary at the end of October in the event of a disorderly withdrawal of the United Kingdom from the Union.

The draft budget for 2020 amounted to EUR 168.3 billion in commitment appropriations, i.e. 0.99% of the gross national income of the 28 Member States, a slight increase of 1.3% compared with 2019, and EUR 153.7 billion in payment appropriations, i.e. 0.90% of the gross national income of the 28 Member States and a more substantial increase of 3.5% compared with the previous year.

In accordance with the developments proposed by the Commission as part of the next Multiannual Financial Framework for the Union for 2021 to 2027, a significant increase in the budgetary envelopes was being proposed, under **Heading 1a**, 'Competitiveness for growth and jobs', for numerous flagship programmes of the Union. This was particularly the case for the 'Horizon 2020' programme which, with a budget of EUR 13.2 billion, was benefiting from EUR 800 million more compared with 2019, i.e. an increase of 6.4%, as well as for other programmes such as Galileo, the 'Competitiveness of enterprises and small and medium-sized enterprises' (COSME) programme, the European Solidarity Corps, and the digital aspects of the Connecting Europe Facility (CEF).

He also noted that the redeployment of EUR 200 million for certain flagship programmes had been proposed, as requested by the Council.

Mr OETTINGER indicated that the use, for the first time, of Article 15(3) of the Financial Regulation would make it possible to provide an additional EUR 72 million from the decommitments made in 2018 in the field of research and to allocate it to strengthening the European Innovation Council. This article made provision for the recommitment of unused amounts rather than their return to the

Member States, but the European Parliament and the Council disagreed regarding their use. For his part, Mr OETTINGER considered that not proposing the use of this article at the present time would result in relinquishing it entirely in the future.

With regard to **Heading 2b**, on economic, social and territorial cohesion policy, the payment appropriations had increased significantly, by 6.4%, owing to the fact that the new programmes were now fully operational, whereas the oldest programmes, launched before 2014, were to be closed in 2019.

In particular, 21% of the appropriations in the proposed budget for 2020 would be allocated to the fight against climate change, which was in line with the ambitious goal of devoting 20% of the Union's budget to this mission in the long term.

He also mentioned the reduction of around EUR 1 billion, compared with 2019, in the allocation to **Heading 4**, 'Global Europe', signifying the end of payment of the second tranche of financing allocated in 2019 to the Facility for Refugees in Turkey. In this context, he noted that the pre-accession aid granted to Turkey was maintained at the same level as in 2019.

Finally, he drew the attention of the College to **Heading 5**, administrative expenditure, which was marked by an increase of 7.1% in pension expenditure in 2020. This increase explained the overall rise of 3.8% in appropriations under this heading, in spite of the freeze on expenditure not linked to salaries. He considered that it would be worth examining ways of dealing with the structural increase in expenditure relating to payment of pensions over the coming years.

Mr OETTINGER announced that he would present the statement of estimates for 2020 that afternoon to the Committee on Budgetary Control at an extraordinary meeting organised for that purpose with the outgoing members of the European Parliament. The Council would then adopt its position with a view to a first trilogue scheduled for 23 July, before the Parliament resumed its work in September and October, and to a second trilogue scheduled for 16 October, which would enable it to complete the first reading at the plenary session the following week. The final stage of the procedure for adopting the budget, namely the meeting of the Conciliation Committee from 29 October to 18 November 2019, might coincide with the beginning of the new Commission's term of office.

The PRESIDENT highlighted the difficulty of preparing such a budget while the Union was in an institutional transition phase. With regard to administrative expenditure, he suggested that in the future Heading 5 of the budget should differentiate more clearly between expenditure categories, of which salaries and pensions were only a part. Furthermore, he was in favour of a study on the future evolution of administrative expenditure being undertaken in order to assess the consequences and plan appropriate measures in a timely manner.

Following this presentation, the Commission:

– adopted the statement of estimates as set out in documents I, III, and IV, distributed as SEC(2019) 250/2, and documents V and V bis, distributed as SEC(2019) 250/3, as a basis for drawing up the draft general budget of the European Union for the 2020 financial year;

– authorised Mr OETTINGER, the Member of the Commission with responsibility for the budget and human resources, to send documents I, 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, III, IV, V and V bis and to convert documents I, III and IV into the corresponding volumes of the draft general budget for the 2020 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 2020 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(2019) 252 and COM(2019) 251/2, respectively, for transmission to the European Parliament and the Council and, for information, to the national parliaments.

11. INTERINSTITUTIONAL RELATIONS

11.1. HORIZONTAL ITEM

i) State of play of pending legislative proposals

(INFO(2019) 37)

Mr TIMMERMANS briefed the College on the state of play of the procedures for adoption by the European Parliament and the Council of the legislative proposals presented by the Commission during its term of office. He focused on the proposals that were still pending adoption by the legislative authority.

Mr TIMMERMANS pointed out that the Commission had presented 474 legislative proposals during its term of office, added to which there were 44 proposals presented by the previous Commission and maintained; of this number, 351 had been adopted by the European Parliament and the Council, while 167 were currently pending, of which 51 were linked to the EU’s next Multiannual Financial Framework for the period 2021-2027. Moreover, in the context of the Interinstitutional Agreement on Better Law-Making, a first joint exercise of legislative programming had been undertaken by the three institutions, making it possible to strengthen the coordination of legislative procedures and achieve significant efficiency gains in the implementation of the Commission's ten political priorities.

He explained that, in September, the new European Parliament would decide, for each of the pending proposals, whether it endorsed the positions taken in the previous parliamentary term. The Council should in the meantime adopt its own negotiating positions on a number of dossiers, which meant that trilogues could resume for all those for which a negotiating mandate had been established by the co-legislators by September, in order to conclude the agreements rapidly at second reading. For some dossiers, the Council was acting alone and it would therefore be appropriate to encourage the incoming Finnish Presidency of the Council to promote their rapid adoption.

Following a detailed analysis of the state of progress of work on the pending proposals, Mr TIMMERMANS reported that 12 proposals had been identified as possible for adoption before the end of the current term of office on 31 October.

In his view, a further 72 pending proposals could be agreed on, provided, however, that substantial efforts were made to overcome the obstacles to their adoption. These dossiers, listed in the information note to the College, covered a wide range of initiatives such as the sustainable investment framework, water quality, online terrorist content, coordination of social security systems, asylum and migration, not to mention the 51 proposals relating to the next EU Multiannual Financial Framework. With regard to the latter proposals, he emphasised that if the European Council achieved its aim of securing a comprehensive agreement this autumn, rapid agreement on the individual proposals could be possible.

Mr TIMMERMANS ended by asking the Members of the Commission to give priority to the work begun with the co-legislators in order to ensure the adoption of as many pending proposals as possible and thus to complete the implementation of the ten political priorities laid down by this Commission at the beginning of its term of office.

The Commission took note of this information.

11.2. RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL

ii) Programming of Council business
(SI(2019) 470)

The Commission took note of the information in SI(2019) 470 on the Council meetings between 6 and 19 June 2019.

12. OTHER BUSINESS

INITIATIVE ON THE LABELLING OF ALCOHOLIC BEVERAGES

Mr ANDRIUKAITIS informed the College of the latest developments concerning the legislation applicable to the labelling of alcoholic beverages.

Following the publication of a report, the Commission had asked the industry two years ago to propose voluntary initiatives on the labelling of alcoholic beverages. Although the negotiations had been protracted, on 4 June 2019 the spirit drinks industry had signed a memorandum in which it undertook to indicate on the labelling of bottles the calorie content of drinks and to publish information regarding the ingredients in each type of drink on a dedicated website. The brewing sector was preparing to do the same, while the wine industry favoured legislative action in the context of the negotiations on the Common Agricultural Policy, for which he was hopeful of a positive outcome.

He concluded by expressing the hope that this definite progress would bring an end to the debate on the labelling of alcoholic beverages which had begun in 1972.

The Commission took note of this information.

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The meeting closed at 11.36.