



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2019) 2311 final

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

Brussels, 6 November 2019

TEXTE EN

MINUTES

**of the 2311th meeting of the Commission
held in Brussels
(Berlaymont)
on Wednesday 16 October 2019
(morning)**

PV(2019) 2311 final

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

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Single sitting: Wednesday 16 October 2019 (morning)

The sitting opened at 10.15 with Mr JUNCKER, President, in the chair.

Present:

Mr JUNCKER	President	
Mr TIMMERMANS	First Vice-President	
Ms MOGHERINI	High Representative / Vice-President	
Mr ŠEFČOVIČ	Vice-President	
Mr DOMBROVSKIS	Vice-President	
Mr OETTINGER	Member	Items 1 to 8 (in part)
Mr HAHN	Member	
Ms MALMSTRÖM	Member	
Mr MIMICA	Member	
Mr ARIAS CAÑETE	Member	
Mr VELLA	Member	
Mr ANDRIUKAITIS	Member	
Mr AVRAMOPOULOS	Member	Items 1 to 8
Ms THYSSEN	Member	
Mr STYLIANIDES	Member	Items 1 to 8 (in part)
Mr HOGAN	Member	
Ms BULC	Member	Items 1 to 8
Ms BIENKOWSKA	Member	
Ms JOUROVÁ	Member	Items 8 (in part) and 9
Ms VESTAGER	Member	Items 1 to 8 (in part)
Mr MOEDAS	Member	
Sir Julian KING	Member	
Ms GABRIEL	Member	Items 1 to 8 (in part)

Absent:

Mr KATAINEN	Vice-President
Mr MOSCOVICI	Member
Mr NAVRACSICS	Member

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

Mr ARTJOKI	Chef de cabinet to Mr KATAINEN	Items 8 (in part) and 9
Mr FELKE	Deputy Chef de cabinet to Mr MOSCOVICI	Items 8 (in part) and 9
Mr BALLESTER	A member of Mr NAVRACSICS's staff	Items 8 (in part) and 9

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	Items 8 (in part) and 9
Ms ANDREEVA	Head of the Spokesperson's Service and Chief Spokesperson of the Commission	
Ms METTLER	Head of the European Political Strategy Centre	Items 8 (in part) and 9
Mr SZOSTAK	Deputy Chef de cabinet to the PRESIDENT	Items 1 to 8 (in part)
Ms DEJMEK HACK	Director of Coordination and Administration and Adviser in the PRESIDENT's Office	Items 1 to 8 (in part)
Ms CANENBLEY	Adviser in the PRESIDENT's Office	Item 8 (in part)
Ms HILI	Adviser in the PRESIDENT's Office	Item 8 (in part)
Mr THOLONIAT	Adviser in the PRESIDENT's Office	Item 9
Mr REMY	PRESIDENT's Office	Items 8 (in part) and 9
Mr SUARDI	Chef de cabinet to Mr DOMBROVSKIS	Item 9
Ms SZCZEPANSKA	A member of Mr OETTINGER's staff	Item 8 (in part)
Ms SCHMITT	Chef de cabinet to Mr AVRAMOPOULOS	Item 8 (in part)
Mr BRIENS	Chef de cabinet to Mr STYLIANIDES	Items 8 (in part) and 9
Mr BENGTTSSON	Chef de cabinet to Ms VESTAGER	Items 8 (in part) and 9
Mr BARNIER	Chief negotiator and Head of the Article 50 Task Force	Items 1 to 8 (in part)

Mr THYGESEN	Chairman, European Fiscal Board	Item 9
Mr LARCH	Head of Secretariat, European Fiscal Board	Item 9
Mr HEMMELGARN	Secretariat-General	Items 8 (in part) and 9
Mr CAINZOS	Secretariat-General	Item 8 (in part)
Ms BERTAUD	Commission Spokesperson's Service	Items 8 (in part) and 9

Secretary: Ms JUHANSONE, Acting Secretary-General, assisted by
Mr AYET PUIGARNAU, Director in the Secretariat-General.

1. AGENDAS

(OJ(2019) 2311/FINAL; SEC(2019) 2311/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(2019) 2311)

The Commission considered the Acting Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 14 October 2019.

3. APPROVAL OF THE MINUTES OF THE 2305TH, 2309TH AND 2310TH MEETINGS OF THE COMMISSION (24 JULY AND 2 AND 9 OCTOBER 2019)

The Commission held over approval of the minutes of its 2305th, 2309th and 2310th meetings for a later meeting.

4. MONITORING THE APPLICATION OF EUROPEAN UNION LAW

STATE AID AND OTHER COMPETITION RULES

The Commission's decision on this item is recorded in the special minutes.

5. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

5.1. WRITTEN PROCEDURES APPROVED

(SEC(2019) 351 ET SEQ)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 7 and 11 October 2019.

5.2. EMPOWERMENT

(SEC(2019) 352 ET SEQ)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 7 and 11 October 2019.

5.3. DELEGATION / SUBDELEGATION OF POWERS

(SEC(2019) 353 ET SEQ)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 7 and 11 October 2019 archived in Decide.

5.4. SIGNIFICANT WRITTEN PROCEDURES

(SEC(2019) 354 AND /2)

The Commission took note of the significant written procedures for which the time limit expired between 14 and 18 October 2019.

6. ADMINISTRATIVE AND BUDGETARY MATTERS

COMMUNICATION TO THE COMMISSION ON THE WORKPLACE OF THE FUTURE IN THE EUROPEAN COMMISSION

(C(2019) 7450 AND /2; SWD(2019) 675; RCC(2019) 110)

The Commission adopted the Communication in C(2019) 7450/2, and took note of the Staff Working Document distributed as SWD(2019) 675.

7. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE EUROPEAN COUNCIL AND THE COUNCIL – PROGRESS REPORT ON THE IMPLEMENTATION OF THE EUROPEAN AGENDA ON MIGRATION (COM(2019) 481 TO /3; RCC(2019) 108)

The Commission approved the report in COM(2019) 481/3 for transmission to the European Parliament, the European Council and the Council, and, for information, to the national parliaments (see also item 8.2 iii) of these minutes).

8. INTERINSTITUTIONAL RELATIONS (RCC(2019) 104)

The Commission took note of the record of the meeting of the Interinstitutional Relations Group (IRG) held on Friday 11 October 2019 (RCC(2019) 104).

It paid particular attention to the following points.

8.1. LEGISLATIVE MATTERS

i) Council Dossiers

(point 3.3 of the IRG record)

- Amendment of Directive 2006/112/EC on the common system of value added tax and Directive 2008/118/EC concerning the general arrangements for excise duty as regards defence effort within the Union framework (Council Directive) – TANG report – 2019/0096 (CNS)

The Commission approved the line set out in SI(2019) 577.

- Amendment of Regulation (EU) 2015/757 in order to take appropriate account of the global data collection system for ship fuel oil consumption data (Regulation) – PAULUS report – 2019/0017 (COD)

The Commission approved the line set out in SI(2019) 603.

8.2. RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL

ii) Programming of Council business

(SI(2019) 606)

The Commission took note of the information in SI(2019) 606 on the Council meetings between 17 and 30 October 2019.

iii) Preparations of the European Council (Brussels, 17 and 18 October 2019)

(point 4.2.4 of the IRG record)

The PRESIDENT opened the discussion on the preparation of the European Council to be held in Brussels on 17 and 18 October 2019. He proposed to address certain dossiers more specifically given their complexity and/or sensitivity.

Withdrawal of the United Kingdom from the European Union

At the invitation of the PRESIDENT, Mr BARNIER reported on the latest developments in the process of the United Kingdom's withdrawal from the Union under Article 50 of the Treaty on European Union.

Preparation of the Multiannual Financial Framework 2021-2027

Mr OETTINGER briefed the College on the progress made in the negotiations with the European Parliament and the Council on the Union's next Multiannual Financial Framework for 2021-2027.

Referring to the outcome of the General Affairs Council of 15 October 2019, he said that several Member States had criticised the document presented by the Finnish Presidency of the Council as being partial. In particular, they had objected to the overall amount proposed, the modernisation elements and the proposed allocations for the main policies. Some Member States had stressed that they had wished for a higher overall level of investment than that proposed by the Commission, which was not in the document in question. He therefore felt there was a risk that the European Council would not be in a position to reach agreement at its meeting in December 2019, which could result in the financial framework being adopted even later than the current framework.

He pointed out forcefully that an overall budget allocation capped at around 1% of European gross national income (GNI), as proposed by certain net contributor Member States, would not allow the next Commission to properly implement the EU's new political priorities. The absence of the UK's contribution to the EU budget that would result from the United Kingdom's withdrawal from the European Union would be almost exclusively compensated for by reductions in expenditure. He therefore invited the PRESIDENT to send a clear message on this crucial question at the European Council meeting on 18 October, to avoid the risk of jeopardising the modernisation of the budget.

With regard to the draft EU budget for 2020, Mr OETTINGER pointed out that in the event of the UK's withdrawal from the EU without an agreement on 31 October 2019, the Commission would have to present a communication on 4 November 2019 setting out the options available to close the gap of around EUR 11 billion that would result. Unless this was done, the Council and the European Parliament might not succeed in reaching agreement on this annual budget on 15 November 2019.

The Commission noted this information.

Situation concerning migration and relations with Turkey

At the PRESIDENT's request, Mr AVRAMOPOULOS presented to the College the latest Progress Report on the Implementation of the European Agenda on Migration tabled for its approval (see also item 7 of these minutes).

Mr AVRAMOPOULOS stressed the comprehensive nature of the report, which summarised the actions taken by the Commission since the beginning of its term of office in order to address the migration crisis. He highlighted the figures on migration policy set out in the report, in particular those relating to the number of migrants resettled, the financing made available and the bilateral agreements negotiated with third countries. He pointed out that despite the challenges posed by the scale of the migration crisis, the Commission had succeeded in maintaining the EU's overall cohesion while proposing concrete solutions.

However, significant reforms remained unfinished and still needed to be agreed by the European Parliament and the Council. Moreover, the Union still had to resolve on the ground some of the consequences of the migration crisis of 2015. Examples were the reform of the right of asylum and the necessary return of the Schengen area to normal functioning, without controls at the Union's internal borders. Furthermore, he regretted the fact that the Commission had been unable to make as much progress as it wished on the complex issues of legal migration and the integration of migrants.

He reiterated the significant progress made and the Commission's achievements during its term of office, which had resulted in the sustainable strengthening and improvement of management of migration flows. The basic structures of a comprehensive migration management system had been put in place, for example the hotspots, the deployment of EU agencies and the strengthening of the external borders.

In conclusion, Mr AVRAMOPOULOS said that the migratory flows passing through the Aegean Sea, and also the situation in Turkey and Syria, were again becoming a cause for concern to the Union. It was essential to continue to finance the Facility for Refugees in Turkey and to maintain good cooperation with Turkey, while closely monitoring its military actions and the events unfolding in particular in north-east Syria, which could also have consequences for migration.

Ms MOGHERINI referred to the conclusions of the Foreign Affairs Council on 14 October, which concerned two points, namely the military actions carried out by Turkey in north-east Syria and its gas drilling activities in Cypriot territorial waters. After intensive negotiations, the foreign affairs ministers had agreed on a joint statement.

As regards the situation in Syria, she considered that in addition to the victims, the displacement of over 200 000 people and the release of former Da'esh fighters, the Turkish operations had had another negative consequence, that of driving the Kurds closer to the Syrian regime and Russia.

In its conclusions, the Council therefore reaffirmed its support for the political process put in place by the UN in Syria, condemned the Turkish military action in the country and rejected any manoeuvre aimed at moving the local populations, which would inevitably place a burden on already fragile neighbouring countries.

She welcomed the decision of the Member States to apply a restrictive policy regarding arms exports to Turkey, while stressing the difficulty of implementing it, particularly as Turkey, like certain Member States, was a member of NATO.

Ms MOGHERINI also reported on the introduction of a framework regime of restrictive measures against Turkey in response to its gas drilling activities in the Cypriot exclusive economic zone. After this first stage, she announced

two legislative proposals, concerning both the military actions in Syria and the drilling activities, to be submitted to the Council and presented at the European Council at its meeting that week.

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

- the observation that the US withdrawal from Syria had created a situation which undermined the credibility of the fight against terrorism in the Middle East, to the benefit of Russia and the Syrian regime;
- the risk that part of Turkish society would support the President's military aims and marginalise the part which adhered to European values;
- the dangerous geostrategic consequences of the current situation, which could lead to new migration.

Mr AVRAMOPOULOS pointed out the importance of the joint statement concluded with Turkey on the reception of refugees, which had made it possible to defuse a highly critical situation in 2015. As regards the situation in the Middle East, in his view the current deterioration in the situation would not necessarily lead to as high a number of refugees as in previous years. The Union must continue to monitor this area, since there was a risk that former Da'esh fighters might return.

The Commission noted this information.

Enlargement and the opening of negotiations with North Macedonia and Albania

The PRESIDENT invited Mr HAHN to report to the College on the latest developments in enlargement policy ahead of that week's European Council meeting.

Mr HAHN referred to the recent exchanges in the Council on the opening of

accession negotiations with North Macedonia and Albania. He said that certain Member States were firmly against this, in part for domestic policy reasons. However, the two candidate countries had met the criteria required to open negotiations and it was therefore justified to launch the process which could eventually lead to their accession to the Union.

He considered that accession must continue to be a strategic objective both for the countries of the Western Balkans and for the Union, whose intention was to thereby promote stability in the region. He also reminded the meeting of the importance of encouraging the normalisation of relations between Serbia and Kosovo, and of defusing the still latent risks of conflict that could erupt in the region if the Union did not provide the framework necessary to manage those risks peacefully. He considered that the Union's credibility was at stake and emphasised that, without European prospects, the countries of the Western Balkans could in future turn to other partners, such as Russia or China.

Ms MOGHERINI, in turn, stressed that should the Union not provide any concrete European prospects to the countries of the Western Balkans, it would necessarily create a vacuum that other world powers would not hesitate to fill. Accession prospects also provided the possibility of putting in place an overall framework which could contribute to the settling of disputes in the region.

She noted with concern that some Member States seemed to want to reconsider the conclusions of the analysis carried out by the Commission on the state of preparedness of North Macedonia and Albania to open accession negotiations. She regarded this precedent as an attempt to call into question the Union's overall strategy in the Western Balkans. Finally, she had concerns about the relevance of the arguments put forward by some Member States for refusing to open negotiations and pointed out how important it was that each candidate country be considered on the basis of the same criteria, regardless of domestic policy considerations.

She encouraged the PRESIDENT to remind the Member States, at the European Council meeting at the end of that week, of the commitments undertaken by the Union with regard to the candidate countries and the importance for the Union of continuing to play a stabilising role in a region that was so near and still fragile.

The Commission noted this information.

iv) Latest developments in the Council

(point 4.4 of the IRG record)

- Request to the Commission to submit a study on the Union’s options for addressing the legal situation of new plant breeding techniques taking into account the existing legal framework provided by Directive 2001/18/EC of the European Parliament and the Council and the Court of Justice’s judgment in Case C-528/16 (Council Decision)

The Commission approved the line set out in SI(2019) 566.

- Request to the Commission to submit a study on the Union’s options to consolidate and update the existing legislation on the production and marketing of plant reproductive material (Council Decision)

The Commission approved the line set out in SI(2019) 567.

8.3. RELATIONS WITH PARLIAMENT

v) Results of Parliament’s October I 2019 part-session

(point 5.8.1 of the IRG record)

The Commission took note of the information on Parliament’s part-session held in Brussels on 9 and 10 October 2019, set out in SP(2019) 549.

8.4. RELATIONS WITH NATIONAL PARLIAMENTS, THE OTHER INSTITUTIONS AND BODIES, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS

vi) Follow-up to opinions of the European Economic and Social Committee – Plenary session of June 2019

(point 6.3.1 of the IRG record)

The Commission approved document SC(2019) 34/2 on the follow-up by the Commission to the opinions adopted by the European Economic and Social Committee during the June 2019 session, for transmission to that Committee.

8.5. OTHER BUSINESS

vii) Active Monitoring and Forecast of Budget Implementation 2019 – Information Note

(point 7.1 of the IRG record)

The Commission took note of the information in SPI(2019) 45.

9. OTHER BUSINESS

THIRD ANNUAL REPORT OF THE INDEPENDENT EUROPEAN FISCAL BOARD

At the invitation of the PRESIDENT, Mr THYGESEN, Chairman of the independent European Fiscal Board, presented to the College this independent consultative body's 2019 Annual Report, which focused on the application of the Stability and Growth Pact in 2018.

Mr THYGESEN began by giving an overview of the macroeconomic situation in the euro area in 2018, presenting a mixed picture. Firstly, he noted that the euro area had experienced relatively robust growth, although at a slower rate than the strong momentum seen in 2017. While the structural primary surplus had grown slightly, expenditure had been higher than forecast; the net increase in expenditure had been twice as rapid as that of potential GDP, which was indicative of a pro-cyclical loosening of fiscal policies. He explained that the relatively favourable economic

climate and the need to ensure the viability of public finances would have made a broadly neutral fiscal stance appropriate, based on a country-specific approach. However, the Member States with high levels of debt had not seized the opportunity to build fiscal buffers.

He also noted that, in the context of the implementation of the Stability and Growth Pact, the Commission had chosen not to take any action or draw any conclusions vis-à-vis Member States that were deviating significantly from their adjustment path.

In the light of the assessment of the overall euro area fiscal stance in 2018, he called for minimum standards to be introduced to strengthen the role at national level of independent fiscal institutions, which had played a useful role in certain Member States, and for the EU's fiscal governance framework to be simplified.

As regards the overall fiscal development of the euro area, Mr THYGESEN noted that the headline budget balance had continued to improve in 2018, performing better than forecast, essentially due to budgetary revenue that was higher than forecast and savings that were made possible by low interest rates. He did however consider that, had the Member States adhered more closely to the spending targets set, economic performance could have been even better. He noted in particular that budgetary slippage could not be justified by an unexpected slowdown in activity, as growth forecasts had been largely borne out. He also noted that upward revision of expenditure was most often due to an increase in current expenditure and not in investment.

He noted that in 2017 and early 2018, the Commission and the Council had recommended a 'broadly' neutral fiscal stance, whereas the European Fiscal Board had been more clearly in favour of a neutral fiscal stance, without qualifying it further. He also highlighted the importance of a differentiated approach to encourage fiscal consolidation in the Member States where it was needed and an increase in public investment by those Member States that were able to do so. On that point, he considered the fiscal stance of the majority of heavily indebted

Member States to be inappropriate, and regretted the fact that they had missed the opportunity to rebuild fiscal buffers when the economic situation was favourable.

He also gave a number of specific examples where the Commission had made use of the flexibility of the fiscal rules.

Mr THYGESEN then drew some conclusions from the introduction of independent fiscal institutions in the Member States.

He highlighted the significant role played by independent fiscal institutions with regard to transparency and accountability, as they could flag up risks identified in medium-term economic forecasts that could lead to deviations from fiscal rules. They could also help establish medium-term fiscal policy stances or assess the cost of political programmes. He did however consider that certain institutions could become more effective if minimum standards were introduced at EU level with respect to functional autonomy, access to information, independence from government and the use of the ‘comply or explain’ principle.

Mr THYGESEN thanked the PRESIDENT for creating the independent European Fiscal Board over which he had the honour to preside. He ended his presentation by indicating that the Board considered it necessary for the EU’s fiscal rules to be revised, particularly with a view to strengthening coordination between the Member States and the euro area.

Mr DOMBROVSKIS thanked Mr THYGESEN for this third Annual Report from the independent European Fiscal Board, which provided many insights and was an accurate reflection of the implementation of the EU’s fiscal rules. He emphasised the complexity of the current economic situation in which some Member States ought to implement an expansionary fiscal policy, whereas others ought to rebuild fiscal buffers. Hence the need, in his opinion, for a differentiated approach to fiscal policy based on the Member State.

He explained that the Board’s report on the review of the EU’s fiscal rules presented a few weeks earlier would serve as the basis for the Commission’s work over the

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coming months. In the immediate future, the Commission would need to assess the euro area Member States' draft budgetary plans for 2020 and, within two weeks of receiving them, would need to flag up any risks of non-compliance identified. He added that the Commission would need to adopt its opinions on the Member States' preliminary draft budgets by the end of November.

The PRESIDENT thanked Mr THYGESEN warmly for his excellent work.

The Commission noted this information.

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The Commission's other discussions on certain agenda items are recorded in the special minutes.

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The meeting closed at 12.01.