



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

**PV(2020) 2327 final**

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

Brussels, 18 March 2020

# **TEXTE EN**

## **MINUTES**

**of the 2327<sup>th</sup> meeting of the Commission  
held in Brussels  
(Berlaymont)  
on Wednesday 26 February 2020  
(morning)**

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**Single sitting: Wednesday 26 February 2020 (morning)**

The sitting opened at 9.09 with Ms von der LEYEN, President, in the chair.

Present:

|                           |                                        |
|---------------------------|----------------------------------------|
| Ms von der LEYEN          | President                              |
| Mr TIMMERMANS             | Executive Vice-President               |
| Ms VESTAGER               | Executive Vice-President               |
| Mr DOMBROVSKIS            | Executive Vice-President               |
| Mr BORRELL<br>i FONTELLES | High Representative/<br>Vice-President |
| Mr ŠEFČOVIČ               | Vice-President                         |
| Ms JOUROVÁ                | Vice-President                         |
| Ms ŠUICA                  | Vice-President                         |
| Mr SCHINAS                | Vice-President                         |
| Mr HOGAN                  | Member                                 |
| Ms GABRIEL                | Member                                 |
| Mr SCHMIT                 | Member                                 |
| Mr GENTILONI              | Member                                 |
| Mr WOJCIECHOWSKI          | Member                                 |
| Mr BRETON                 | Member                                 |
| Ms FERREIRA               | Member                                 |
| Mr REYNDERS               | Member                                 |
| Ms DALLI                  | Member                                 |
| Ms JOHANSSON              | Member                                 |
| Ms VÁLEAN                 | Member                                 |
| Mr VÁRHELYI               | Member                                 |
| Ms SIMSON                 | Member                                 |
| Mr SINKEVIČIUS            | Member                                 |

Absent:

|               |        |
|---------------|--------|
| Mr HAHN       | Member |
| Ms KYRIAKIDES | Member |
| Mr LENARČIČ   | Member |
| Ms URPILAINEN | Member |

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

|           |                                         |                            |
|-----------|-----------------------------------------|----------------------------|
| Ms JAHNS  | Deputy Chef de cabinet to Mr HAHN       |                            |
| Ms OJALA  | Deputy Chef de cabinet to Ms KYRIAKIDES |                            |
| Mr MALGAJ | Chef de cabinet to Mr LENARČIČ          |                            |
| Mr LAHTI  | Chef de cabinet to Ms URPILAINEN        | Items 8/9 (in part) and 10 |

The following also sat in:

|                    |                                                                       |                                      |
|--------------------|-----------------------------------------------------------------------|--------------------------------------|
| Mr SEIBERT         | Chef de cabinet to the PRESIDENT                                      |                                      |
| Ms BANKS           | Deputy Director-General, Legal Service                                |                                      |
| Ms BOUYGUES        | Deputy Director-General, DG Communication                             |                                      |
| Ms SPINANT         | Commission Spokesperson's Service                                     |                                      |
| Mr LEARDINI        | Deputy Secretary-General                                              |                                      |
| Mr FLOSDORFF       | Executive Adviser in the PRESIDENT's Office                           |                                      |
| Ms PETKOVA         | Director of Coordination and Administration in the PRESIDENT's Office | Items 1 to 9                         |
| Ms CABRAL          | Adviser in the PRESIDENT's Office                                     | Items 8/9 (in part) and 10 (in part) |
| Ms TOVSAK-PLETESKI | Adviser in the PRESIDENT's Office                                     | Items 8 to 10 (in part)              |
| Ms VILA NUÑEZ      | Policy Coordinator in the PRESIDENT's Office                          |                                      |
| Mr LESCRAUWAET     | Senior Expert in Mr DOMBROVSKIS's Office                              | Items 8 and 9                        |
| Mr HEMMELGARN      | Secretariat-General                                                   |                                      |

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

**1. AGENDAS**

**(OJ(2020) 2327/FINAL; SEC(2020) 2327/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(2020) 2327)**

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 24 February 2020.

**3. APPROVAL OF THE MINUTES OF THE 2323<sup>RD</sup>, 2324<sup>TH</sup>, 2325<sup>TH</sup> AND 2326<sup>TH</sup> MEETINGS OF THE COMMISSION (29 JANUARY, 5, 11 AND 19 FEBRUARY 2020)**

**(PV(2020) 2323; PV(2020) 2323, 2<sup>ND</sup> PART; PV(2020) 2324; PV(2020) 2324, 2<sup>ND</sup> PART)**

The Commission approved the minutes of its 2323<sup>rd</sup> and 2324<sup>th</sup> meetings and decided to hold over approval of the minutes of its 2325<sup>th</sup> and 2326<sup>th</sup> meetings for a later meeting.

**4. INTERINSTITUTIONAL RELATIONS**

**(RCC(2020) 24)**

The Commission took note of the record of the meeting of the Interinstitutional Relations Group (IRG) held on Thursday 20 February 2020 (RCC(2020) 24).

It paid particular attention to the following points.

#### **4.1. HORIZONTAL ITEM**

- i) Authorisation of the opening of negotiations for a new partnership with the United Kingdom of Great Britain and Northern Ireland (Council Decision)**  
(point 1.2 of the IRG record)

The Commission approved the line set out in SI(2020) 62/3.

#### **4.2. LEGISLATIVE MATTERS**

- ii) Trilogues**  
(point 3.1 of the IRG record)
  - Amendment of Directive 2009/103/EC of the European Parliament and of the Council of 16 September 2009 relating to insurance against civil liability in respect of the use of motor vehicles, and the enforcement of the obligation to insure against such liability (Directive) – CHARANZOVÁ report – 2018/0168 (COD)

The Commission approved the line set out in SI(2020) 53/2.

- Representative actions for the protection of the collective interests of consumers, and repeal of Directive 2009/22/EC (Directive) – DIDIER report – 2018/0089 (COD)

The Commission approved the line set out in SI(2020) 60.

#### **4.3. RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL**

- iii) Programming of Council business**  
(SI(2020) 64)

The Commission took note of the information in SI(2020) 64 on the Council meetings between 27 February and 11 March 2020.

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

**iv) Follow-up to opinions of the European Economic and Social Committee – Plenary session of September 2019**

(point 6.3.1 of the IRG record)

The Commission approved document SC(2020) 8/2 on the follow-up by the Commission to the opinions adopted by the European Economic and Social Committee during the September 2019 session, for transmission to that Committee.

**5. COORDINATION OF EXTERNAL ACTION  
(RCC(2020) 27 AND /2)**

The Commission took note of the operational conclusions in RCC(2020) 27/2 of the meeting of the Group for External Coordination (EXCO) held on Wednesday 19 February 2020.

**6. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS**

**6.1. WRITTEN PROCEDURES APPROVED  
(SEC(2020) 85 ET SEQ.)**

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 17 and 21 February 2020.

**6.2. EMPOWERMENT  
(SEC(2020) 86 ET SEQ.)**

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 17 and 21 February 2020.

**6.3. *DELEGATION / SUBDELEGATION OF POWERS***  
***(SEC(2020) 87 ET SEQ.)***

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 17 and 21 February 2020 archived in Decide.

**6.4. *SIGNIFICANT WRITTEN PROCEDURES***  
***(SEC(2020) 88 AND /2)***

The Commission took note of the significant written procedures for which the time limit expired between 24 and 28 February 2020.

**7. ADMINISTRATIVE AND BUDGETARY MATTERS**  
***(SEC(2020) 89)***

**ADMINISTRATIVE MATTERS**

**7.1. *ACTIVITIES OF TWO MEMBERS OF THE COMMISSION AFTER LEAVING OFFICE***  
***(C(2020) 9005; C(2020) 9006)***

The Commission adopted the Decisions set out in C(2020) 9006 and C(2020) 9005.

The Commission specifically decided that the activities envisaged by Mr OETTINGER and Mr NAVRACSICS after leaving office as Members of the Commission were compatible with Article 245(2) of the Treaty on the Functioning of the European Union (TFEU) and with the Code of Conduct for Commissioners, subject to certain specific conditions and obligations.

**7.2. DECISION OF THE PRESIDENT OF THE COMMISSION ON THE APPOINTMENT OF A CO-CHAIR REPRESENTING THE UNION WITHIN THE JOINT COMMITTEE ESTABLISHED UNDER THE AGREEMENT ON THE WITHDRAWAL OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND FROM THE EUROPEAN UNION AND THE EUROPEAN ATOMIC ENERGY COMMUNITY**  
**(P(2020) 4)**

The Commission took note of the PRESIDENT's decision in P(2020) 4.

**8. EUROPEAN SEMESTER OF ECONOMIC AND BUDGETARY POLICY COORDINATION FOR 2020 – COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE EUROPEAN COUNCIL, THE COUNCIL, THE EUROPEAN CENTRAL BANK AND THE EUROGROUP – ASSESSMENT OF PROGRESS ON STRUCTURAL REFORMS, PREVENTION AND CORRECTION OF MACROECONOMIC IMBALANCES, AND RESULTS OF IN-DEPTH REVIEWS UNDER REGULATION (EU) 1176/2011**

(COM(2020) 150 TO /3; SWD(2020) 500 AND /2; SWD(2020) 501 AND /2; SWD(2020) 502 AND /2; SWD(2020) 503; SWD(2020) 504 AND /2; SWD(2020) 505 TO /3; SWD(2020) 506; SWD(2020) 507 AND /2; SWD(2020) 508 AND /2; SWD(2020) 509 AND /2; SWD(2020) 510 AND /2; SWD(2020) 511 AND /2; SWD(2020) 512 AND /2; SWD(2020) 513 AND /2; SWD(2020) 514 TO /3; SWD(2020) 515 AND /2; SWD(2020) 516 TO /3; SWD(2020) 517 AND /2; SWD(2020) 518 AND /2; SWD(2020) 519 AND /2; SWD(2020) 520 AND /2; SWD(2020) 521 AND /2; SWD(2020) 522 AND /2; SWD(2020) 523 AND /2; SWD(2020) 524 AND /2; SWD(2020) 525 AND /2; SWD(2020) 526; SWD(2020) 527 AND /2; RCC(2020) 28)

**9. EUROPEAN SEMESTER OF ECONOMIC AND BUDGETARY POLICY COORDINATION FOR 2020 – PROPOSAL FOR A COUNCIL DECISION ON GUIDELINES FOR THE EMPLOYMENT POLICIES OF THE MEMBER STATES**

**(COM(2020) 70 AND /2; RCC(2020) 28)**

The PRESIDENT invited Mr DOMBROVSKIS, Mr GENTILONI and Mr SCHMIT to present the Communication on the assessment of progress on structural reforms, prevention and correction of macroeconomic imbalances, and results of in-depth reviews, accompanied by the country reports, and the proposal for a Council decision on guidelines for the employment policies of the Member States, which had been referred to the College as part of the European Semester of Economic and Budgetary Policy Coordination for 2020.

Mr DOMBROVSKIS said that the Commission would that day hold its second meeting with the 2020 European Semester at which the national component would be discussed, following the debate in December 2019 on the Annual Sustainable Growth Strategy, representing its European component. The Commission would that day present the reports drawn up for all the Member States, including the United Kingdom, in accordance with the arrangements laid down for the transition period prior to the actual withdrawal of that country from the Union. The main messages contained in these reports were set out in the introductory communication.

Mr DOMBROVSKIS flagged up three innovations made with a view to improving coordination of this Semester cycle with the Green Pact for Europe.

First, the Commission's analysis now included the impact of sustainable environmental development on the economy and jobs and highlighted the need for significant targeted investment and in-depth economic reforms to achieve the green transition. In addition, not everyone would have the same assets to accompany and adapt to the transition to a climate-neutral economy, which was why the Commission had proposed the Just Transition Fund.

Second, the country reports incorporated another innovation by providing an initial Commission assessment of the sectors and regions which the Just Transition Fund could support. This initial information would help the Member States prepare their next territorial Just Transition Plans.

Lastly, the country reports now integrated the Sustainable Development Goals agreed by the United Nations Organisation, which clearly reflected the Union's commitment to put sustainable development at the forefront of its economic policy.

Mr DOMBROVSKIS said that, seen from a broader perspective, this stage of the European Semester did not move the Semester's centre of gravity, i.e. coordination of economic and social policies which, in his view, was important for the relevance and credibility of the exercise.

Economic and financial stability was a key prerequisite for sustainable growth and job creation. That was why he was airing his concern that public debt remained at high levels in some Member States, creating the need for differentiated fiscal policies to reduce debt gaps within the EU. He also felt that greater attention should be paid to the quality of public finances and prioritising investment.

The financial sector in the EU was healthier than it had been a few years ago, with larger pools of capital and lower NPL stocks, although some isolated weaknesses remained. Productivity growth continued to be a challenge in the Union.

Without getting into an analysis of the social dimension, which would be examined by Mr SCHMIT, or the macroeconomic imbalances procedure, which would be covered by Mr GENTILONI, Mr DOMBROVSKIS said that Bulgaria had broadly corrected its imbalances, which was good news and demonstrated that sticking to consolidation policies and reforms produced good results.

In a few days' time he would submit for adoption to the Commission an opinion, a recommendation and a proposal for a Council decision on the opening of an excessive deficit procedure against Romania under Article 126(5), (6) and (7) of the Treaty on the Functioning of the European Union.

Lastly, Mr DOMBROVSKIS said that the Commission would that day also adopt, by written procedure, the fifth enhanced surveillance report concerning Greece, which would be presented to the next Eurogroup meeting. He hoped that the additional measures which the Greek government had undertaken to implement would bear fruit before the sixth report next May, as a result of which in June the Eurogroup might consider revising the budgetary targets set for Greece.

Mr GENTILONI focused on the country reports, also emphasising the importance of innovations in macroeconomic surveillance, which consisted in incorporating the environmental sustainability dimension, the United Nations Sustainable Development Goals and an initial assessment of the priority sectors and regions which, in the Member States, could qualify for support from the Just Transition Fund.

This was the first step of a process designed to place sustainable development at the forefront of EU economic and social policy, a process which went hand in hand with the correction of macroeconomic imbalances. Eurostat would build up its statistical capacities with a view to collecting new data on the environmental dimension.

He also referenced Bulgaria's exit from the macroeconomic imbalances procedure. Of the other twelve Member States for which an in-depth review had been carried out, three had an excessive imbalance and nine had an imbalance for various reasons relating to their level of indebtedness, their budgetary surplus or their degree of exposure to external shocks. On average, however, budget deficits were on a downward trend.

Mr SCHMIT presented the legislative proposal to update the employment guidelines, which established common priorities for national policies in the field of employment. With the resolute aim of achieving a sustainable market economy, the proposal aligned the guidelines with the four dimensions of the Annual Sustainable Growth Strategy and with the Communication on 'A Strong Social Europe for Just Transitions', adopted by the Commission on 14 January. As a result, the updated

guidelines referred to fair, transparent and predictable working conditions, and the need to pay more attention to lower and middle-income groups to ensure that they received a fair wage that allowed them to have a decent standard of living.

He welcomed the fact that the country reports contained some positive news, particularly with regard to the level of employment in the EU, which was the highest it had ever been. However, not all of the Member States were benefitting equally from this positive trend owing to structural reasons, and some still had high rates of youth unemployment or levels of female employment that were too low.

He was also concerned that there was a polarisation in terms of Member States' performances and that social inequalities remained. That was why he felt that the Union needed to speed up its work to strengthen the social dimension of the European Semester and fully implement the European Pillar of Social Rights, particularly by strengthening the European Skills Agenda, proposal that the Commission would present the following month.

At the invitation of the PRESIDENT, Ms FERREIRA discussed the new parameter incorporated into the European Semester cycle, which made it possible to assess the challenges to be overcome in order to successfully transition to a climate-neutral economy and to determine the priority regions or sectors to be supported by the Just Transition Fund to ensure that no-one was left behind. The Commission's approach was based on three criteria, namely regional dependence on polluting industries, the transition's impact on jobs and regions' relative prosperity. The assessment presented that day was only preliminary and should be viewed as the starting point of a process.

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

- the importance of political dialogue with the Member States as a key part of the European Semester exercise;

- in addition to macroeconomic aspects, future economic policy coordination should include the three transitions, namely the green, digital and demographic transitions, which were already under way in the Union;
- support for the idea of identifying the regions and sectors that would be most affected by these transitions;
- the particular importance of ensuring that the European Semester took into account the achievement of the UN's development goals;
- the observation that the highest level of employment ever achieved in the Union was sadly coupled with an increase in low-paid work and wage inequality;
- the challenge of ensuring that the three transitions in question were socially fair, particularly in a context of weak growth;
- a reminder that the Just Transition Fund proposed by the Commission needed to be complemented by Member State investment to ensure the process was fair;
- regret that the use of a carbon tax had not been covered in the introductory communication;
- support for the focus on education, research and innovation in all of the Union's economic policy coordination efforts;
- the need to pursue the discussion, recently launched with the Member States, on ways of ensuring better transposal into national law of the recommendations made by the Commission as part of the European Semester;
- satisfaction that the fight against corruption and respect for the rule of law were part of the economic policy coordination exercise, given their direct link to investment in the Member States and their importance for companies when developing their business activities.

The PRESIDENT welcomed the fact, already highlighted by many others, that the European Semester of coordination of the Member States' economic and budgetary policies incorporated the UN's Sustainable Development Goals, on which the EU's own objectives were based.

She also recommended that the members of the Commission consulted the factsheets prepared to complement that day's proposals, which were of particular interest.

She closed the discussion by highlighting the real political weight of the Commission's country-specific recommendations and the public debates to which they often gave rise in the Member States, where the recommendations received very careful consideration.

Following these presentations, the Commission:

- approved the Communication in COM(2020) 150/3, for transmission to Parliament, the European Council, the Council, the European Central Bank and the Eurogroup, and, for information, to the European Investment Bank and to the national parliaments, accompanied by the country reports in staff working documents SWD(2020) 500/2 – Belgium, SWD(2020) 501/2 – Bulgaria, SWD(2020) 502/2 – Czech Republic, SWD(2020) 503 – Denmark, SWD(2020) 504/2 – Germany, SWD(2020) 505/2 and /3 – Estonia, SWD(2020) 506 – Ireland, SWD(2020) 507/2 – Greece, SWD(2020) 508/2 – Spain, SWD(2020) 509/2 – France, SWD(2020) 510/2 – Croatia, SWD(2020) 511/2 – Italy, SWD(2020) 512/2 – Cyprus, SWD(2020) 513/2 – Latvia, SWD(2020) 514/2 and /3 – Lithuania, SWD(2020) 515/2 – Grand Duchy of Luxembourg, SWD(2020) 516/2 and /3 – Hungary, SWD(2020) 517/2 – Malta, SWD(2020) 518/2 – Netherlands, SWD(2020) 519/2 – Austria, SWD(2020) 520 and /2 – Poland, SWD(2020) 521/2 – Portugal, SWD(2020) 522/2 – Romania, SWD(2020) 523/2 – Slovenia, SWD(2020) 524/2 – Slovakia, SWD(2020) 525/2 – Finland, SWD(2020) 526 –

Sweden, SWD(2020) 527/2 – United Kingdom, the contents of which were noted;

- adopted the proposal for a Council Decision set out in COM(2020) 70/2 for transmission to Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, and, for information, to the national parliaments.

The Commission also took note of the ongoing written procedure with a view to adopting, on Wednesday 26 February 2020, the updated Enhanced Surveillance Report for Greece (PE/2020/1147 – COM(2020) 100).

Lastly, the Commission took note of the announcement that proposals would be submitted in the coming days regarding the opening of an excessive deficit procedure against Romania under Article 126(5), (6) and (7) of the Treaty on the Functioning of the European Union.

## **10. OTHER BUSINESS**

### ***10.1. LATEST DEVELOPMENTS CONCERNING THE CORONAVIRUS (COVID-19) EPIDEMIC***

The PRESIDENT reported on the latest developments concerning the coronavirus (COVID-19) epidemic, in the absence of Ms KYRIAKIDES, who was in Italy, where she had met the health ministers of seven European countries on 25 February and would give a joint press conference with the World Health Organization and the European Centre for Disease Prevention and Control (ECDC) on 26 February.

To date, of the more than 80,000 people who had contracted COVID-19 globally, 77,000 cases had been in China, with the Union recording 275 confirmed cases and, sadly, 8 deaths. In most cases, those that had died had been elderly. Infection risks were currently low to moderate within the

EU, but much higher in the event of travel to the affected areas in Asia. A single case of infection had been reported in Africa, in this instance in Egypt; this appeared to be the result of inadequate mechanisms for managing health crises on the continent. With regard to media coverage of the COVID-19 epidemic, the PRESIDENT warned against the fake news typical in this kind of situation.

She stressed the paramount importance of coordinating efforts at European level, including in terms of information, and of adopting a common position regarding national decisions on possible border checks.

The PRESIDENT asked the Secretary-General to present the contingency plan drawn up for the Commission, and to report on the work of the Health Security Committee, operating under the authority of Mr LENARČIČ.

The Secretary-General, Ms Ilze JUHANSONE, explained that the Crises Coordination Committee was working in several areas, in particular providing assistance to third countries, sending protective equipment in response to the appeal by the Chinese authorities, coordinating Member States' preparatory activities, and planning contingency measures for European industry and for the Union institutions, in coordination with the European Parliament and the Council. On this last point, she reminded the meeting that Commission staff had been asked to cancel all non-essential travel to China, and officials who had travelled to the at-risk areas in Italy had been asked to contact the institution's Medical Service, to telework, and to keep their children off school. This information had in particular been sent to staff working at the Joint Research Centre in Ispra, Italy. The current week was particularly important, given that school holidays were under way. It was possible that another notification would be sent in the next few hours to all Commission staff returning from Italy at the end of the school holidays. Information on developments in the situation was regularly published on the Commission intranet.

Mr GENTILONI noted that the ongoing epidemic would certainly have a significant impact on the global and EU economies.

When the Severe Acute Respiratory Syndrome (SARS) outbreak began in 2002, China accounted for 4% of the global economy. However, it now made up 19% of the global economy, and therefore the economic repercussions of the current COVID-19 health crisis, which was particularly serious, would be felt to a much greater extent in the rest of the world than during the outbreak of almost 20 years ago. Furthermore, Hubei province – the source of the epidemic – made a substantial contribution to Chinese economic activity in certain key sectors, such as the automobile industry. In spite of the Chinese authorities' message that activity had partially resumed in recent days, air travel and car sales, for example, had plummeted by 70-90% in China in the past few weeks.

Nevertheless, he admitted that the scale of the global repercussions of the crisis was unknown, as reflected by his recent exchanges with the G20 finance ministers. Some countries were very concerned by the slowdown in growth that could result from continued spread of the COVID-19 epidemic, for example Singapore, which was prepared to inject 4 billion dollars to stimulate its economy. He considered that forecasts made at this stage were too premature to be reliable; they predicted a reduction in growth of between 0.5% and 1.5% for China, between 0.1% and 0.4% for the global economy (which would be equivalent to a recession), and somewhere between a marginal decline and a drop of 0.3% for the EU (which in a pessimistic scenario would mean average annual growth of 1.2% for the euro area). The banking sector's forecasts were at the higher end of the figures mentioned.

In any case, Mr GENTILONI considered that, for the time being, while the coronavirus situation was obviously serious, there was no need to stir up panic amongst the general public. He referred to the containment measures taken by the Italian authorities to prevent transmission in two areas in the north of Italy, where the virus had killed seven people.

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

***General aspects***

- the fact that the immediate disruption owing to the COVID-19 epidemic would affect the economy and freedom of movement, by affecting trade and transport;
- a request to make an unambiguous distinction, in the management of this multi-sector crisis, between measures that fell within the remit of the Member States and those that could come under the responsibility of the Union;
- the importance of taking care with communications, so as not to fuel an already growing panic; hence the need to remain factual, to take an approach based on figures, to explain the division of responsibility between the Union and the Member States, and to highlight the coordinating role played by the Commission;

***Free movement of people within the EU and the Schengen area***

- a reminder of the rules governing the entry of persons into EU territory and the provisions on border management that could be invoked to curb the spread of COVID-19, in close collaboration with the health authorities and the European Centre for Disease Prevention and Control (ECDC);
- a particular mention of the provisions whereby checks carried out by border guards at the Union's external borders had to contribute to preventing any threats to public health in the Member States, and could lead to nationals of third countries being refused entry into Union territory should they be considered to pose such a threat;

- a mention of the option for any Member State to refuse a visa should the applicant be considered to pose a threat to public health;
- a reminder, too, that at internal borders, a Member State could also, as an exceptional and temporary measure, reintroduce checks in the event of a serious threat to public policy or internal security;
- the challenge posed in this context by the migrant reception centres in Italy and Greece; the Commission's insistence that Greece use the additional financing allocated to it to place all new arrivals in quarantine, as was being done by the Italian authorities; the need for emergency measures in the Greek islands that were hosting migrants;

### ***Economic consequences***

- the observation that the outbreak was already having a discernible effect on the economy, as shown by the cancellation of certain internationally important events, the nervousness of the markets in the face of an unpredictable situation and the knock-on effects of the sharp slowdown in the Chinese economy, given its importance in the global economy;
- the comment that European industry, including SMEs, was already experiencing significant disruptions in the sectors most directly affected by the Chinese crisis, in particular the automobile industry and tourism; the announcement that the situation would be closely monitored by the Commission's departments;
- a mention of the possible collateral budgetary effects, given that due to the COVID-19 outbreak, some students had already expressed a wish to shorten or cancel their exchange under the 'Erasmus' programme;
- the fact that there were some similarities between the current situation and the start of the 2008 financial crisis; hence a call to provide for flexibility

mechanisms in the EU budget so that, if necessary, financing could be redirected towards measures and projects to alleviate the crisis;

***Commission staff***

- a reminder of the recommendations to staff posted in Ispra and the announcement of instructions to be issued in anticipation of the return of staff from holiday.

With regard to the economic impact of the outbreak, the PRESIDENT advised against speculating on the basis of figures that were somewhat unreliable at this stage. Instead, very serious thought should be given to the supply chains most likely to be affected in the next phase of the outbreak, which would inevitably follow the current phase of containment. For example, she was struck by how quickly supply chains in the pharmaceutical sector were being threatened and hoped that an analysis would be conducted of the segments on which the Union was most dependent.

Concerning the sharing of responsibilities between the European Union level and the Member States, she recommended anticipating without delay the measures the Union should take if there was a COVID-19 outbreak in a migrant reception centre, as well as in the field of transport and in Member State coordination on border management.

The Commission took note of this information.

**10.2. MULTIANNUAL FINANCIAL FRAMEWORK 2021-2027**

At Ms VESTAGER's request, the PRESIDENT gave a rapid overview of the situation following the negotiations on 20 and 21 February at the special European Council on the 2021-2027 Multiannual Financial Framework; sadly, the negotiations had been inconclusive.

The PRESIDENT described the situation at the Council meeting, in which entrenched positions had been maintained during long and intensive

discussions. Some Member States were calling for an increase in expenditure ceilings for cohesion policy and the common agricultural policy, while others (the ‘frugal four’ Member States) wanted a total budget volume ceiling of 1% of EU-27 gross national income for the seven-year period, irrespective of the UK’s withdrawal from the EU, and wanted their rebates to be maintained.

The PRESIDENT did not conceal the fact that the discussions had been difficult. However, she had been relieved to note a certain amount of support by the Member States for the new priorities to be financed to address the major challenges of today, such as digitalisation and climate change, as well as the UK’s withdrawal from the Union.

On the subject of the new own resources envisaged in the negotiating box proposed by the President of the European Council, Charles MICHEL, she noted that there were promising prospects for the introduction of a national contribution based on the volume of non-recycled plastic packaging waste. Also, she did not rule out encouraging developments concerning a carbon border tax and a digital tax.

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

- the hardening of the Member States’ positions during the negotiations at the special European Council meeting;
- concern about the major cuts that the Member States had suggested during the negotiations in the budget headings of foreign policy, security and defence, leading to very low and indeed insignificant allocations for the European Defence Fund, the European Peace Facility and military mobility;
- consequently, regret at the Member States’ lack of ambition to enable the development of a Europe-wide response in these highly strategic fields;

- regret at a complication in the exchanges with the European Parliament, due to a supposed Commission non-paper that had been misinterpreted as a new position of the Commission.

On this last point, the PRESIDENT explained that the projected figures given to the Presidency of the European Council by the Commission, which was the only institution able to make these calculations, did not by any means constitute a non-paper containing a new Commission position.

With regard to the allocations referred to during the negotiations with the Member States for external policy, security and defence, she regretted the fact that they were totally inadequate given the scale of the current geopolitical challenges. She recommended particular vigilance concerning the amounts to be allocated, in particular, to the new Neighbourhood, Development and International Cooperation Instrument, military mobility, and the European Peace Facility.

In conclusion, she reaffirmed her determination, together with Charles MICHEL, to address the challenge of reconciling the Member States' different concerns and interests in order to reach an agreement that would allow the Union to achieve its objectives over the next seven years.

The Commission took note of this information.

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The meeting closed at 10.34.