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TEXTE EN

MINUTES

of the 2344th meeting of the Commission

held in Brussels

(Berlaymont)

on Wednesday 1 July 2020

(morning)

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Single sitting: Wednesday 1 July 2020 (morning)

The sitting opened at 9.05 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 i FONTELLES	High Representative/ Vice-President	
Mr ŠEFČOVIČ	Vice-President	
Ms JOUROVÁ	Vice-President	
Ms ŠUICA	Vice-President	
Mr SCHINAS	Vice-President	
Mr HAHN	Member	
Mr HOGAN	Member	Items 1 to 12 (in part)
Mr SCHMIT	Member	
Mr GENTILONI	Member	
Mr WOJCIECHOWSKI	Member	
Ms KYRIAKIDES	Member	
Mr REYNDERS	Member	
Ms DALLI	Member	
Ms JOHANSSON	Member	
Mr LENARČIČ	Member	
Ms VĂLEAN	Member	
Mr VÁRHELYI	Member	
Ms URPILAINEN	Member	
Ms SIMSON	Member	
Mr SINKEVIČIUS	Member	

Absent:

Ms GABRIEL	Member
Mr BRETON	Member
Ms FERREIRA	Member

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

Ms KIRALY	Chef de cabinet to Ms GABRIEL
Mr SOBRAL	Chef de cabinet to Ms FERREIRA

The following also sat in:

Mr SEIBERT	Chef de cabinet to the PRESIDENT	
Ms BANKS	Deputy Director-General, Legal Service	
Ms AHRENKILDE HANSEN	Director-General, DG Communication	
Mr MAMER	Head of the Spokesperson's Service and Chief Spokesperson of the Commission	
Mr LEARDINI	Deputy Secretary-General	
Ms PETKOVA	Director of Coordination and Administration in the PRESIDENT's Office	
Ms CABRAL	Adviser in the PRESIDENT's Office	Items 8 to 11
Ms TOVSAK PLETERSKI	Adviser in the PRESIDENT's Office	Items 7 and 12 (in part)
Ms VILA NUÑEZ	Policy Coordinator in the PRESIDENT's Office	
Ms SPANOU	Chef de cabinet to Mr SCHINAS	Items 8/11 (in part)
Ms FABER	A member of Mr SCHMIT's staff	Items 8 to 11
Mr THYGESEN	Chairman, European Fiscal Board	Items 1 to 7
Mr LARCH	Secretariat-General	Items 1 to 7
Ms ALLOUIS-LE LOSTEC	Secretariat-General	
Mr HEMMELGARN	Secretariat-General	
Ms SPINANT	Commission Spokesperson's Service	

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

1. AGENDAS
(OJ(2020) 2344/FINAL; SEC(2020) 2344/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) 2344)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 29 June 2020.

3. APPROVAL OF THE MINUTES OF THE 2342ND AND 2343RD MEETINGS OF THE COMMISSION (17 AND 24 JUNE 2020)

The Commission held over approval of the minutes of its 2342nd and 2343rd meetings for a later meeting.

4. INTERINSTITUTIONAL RELATIONS
(RCC(2020) 118/3)

The Commission took note of the record of the meeting of the Interinstitutional Relations Group (IRG) held on Friday 26 June 2020 (RCC(2020) 118/3).

It paid particular attention to the following points.

4.1. HORIZONTAL ITEM

i) Additional draft texts on the draft Agreement between the European Union and the United Kingdom on the Future Partnership – Passenger Transport by Road
(point 1.2 of the IRG record)

The Commission approved the line set out in SI(2020) 215.

4.2. LEGISLATIVE MATTERS

ii) Trilogues
(point 3.1 of the IRG record)

– Transitional provisions for the support by the European Agricultural Fund for Rural Development (EAFRD) and by the European Agricultural Guarantee Fund (EAGF) in the year 2021, and amendment of Regulations (EU) No 228/2013, (EU) No 229/2013 and (EU) No 1308/2013 as regards resources and their distribution in respect of the year 2021 and of Regulations (EU) No 1305/2013, (EU) No 1306/2013 and (EU) No 1307/2013 as regards their resources and application in the year 2021 (Regulation) – KATAINEN report – 2019/0254 (COD)

The Commission approved the line set out in SI(2020) 209/3.

– Amendment of Regulation (EU) 2016/1139 as regards the introduction of capacity limits for Eastern Baltic cod, data collection and control measures in the Baltic Sea, and Regulation (EU) No 508/2014 as regards permanent cessation for fleets fishing for Eastern Baltic cod (Regulation) – HERBST report – 2019/0246 (COD)

The Commission approved the line set out in SI(2020) 210.

– Framework for the recovery and resolution of central counterparties and amendment of Regulations (EU) No 1095/2010, (EU) No 648/2012, and (EU) 2015/2365 (Regulation) – BELKA & VAN OVERTVELDT report – 2016/0365 (COD)

The Commission approved the line set out in SI(2020) 211.

– 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) 214.

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

– Accession of the United Kingdom to the World Trade Organisation Agreement on Government Procurement

The Commission approved the line set out in SI(2020) 212.

iv) Response to the COVID-19 pandemic
(point 3.4 of the IRG record)

– Temporary restriction on non-essential travel into the EU (Council Recommendation) – 2020/0134 (NLE)

The Commission approved the line set out in SI(2020) 217.

4.3. RELATIONS WITH PARLIAMENT

v) Results of Parliament’s June 2020 part-session
(SP(2020) 209)

The Commission took note of the information on Parliament’s part-session held from 17 to 19 June 2020 in Brussels, set out in SP(2020) 209.

4.4. OTHER BUSINESS

vi) Update on negotiations on the Financial Framework Partnership Agreement with the World Bank Group and in particular concerning the EU tax avoidance policy and EU restrictive measures
(point 7.1 of the IRG record)

The Commission approved the line set out in SI(2020) 206 and /3.

vii) Joint Statement of North Seas Countries and the European Commission
(point 7.2 of the IRG record)

The Commission approved the line set out in SI(2020) 216/3.

5. COORDINATION OF EXTERNAL ACTION (RCC(2020) 96)

The Commission took note of the operational conclusions in RCC(2020) 96 of the meeting of the Group for External Coordination (EXCO) held on Wednesday 24 June 2020.

6. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

6.1. WRITTEN PROCEDURES APPROVED (SEC(2020) 225 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 22 and 26 June 2020.

6.2. EMPOWERMENT (SEC(2020) 226 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 22 and 26 June 2020.

6.3. DELEGATION / SUBDELEGATION OF POWERS (SEC(2020) 227 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 22 and 26 June 2020 archived in D*e*cide.

6.4. SIGNIFICANT WRITTEN PROCEDURES (SEC(2020) 228 AND /2)

The Commission took note of the significant written procedures for which the time limit expired between 29 June and 3 July 2020 and of the finalisation written procedures initiated following the weekly meeting of Chefs de cabinet on Monday 29 June 2020.

7. OTHER BUSINESS

REPORT OF THE INDEPENDENT EUROPEAN FISCAL BOARD ON ASSESSMENT OF THE FISCAL STANCE APPROPRIATE FOR THE EURO AREA IN 2021

The PRESIDENT welcomed Mr Niels THYGESEN, Chairman of the independent European Fiscal Board, who was making his first visit to the current College of Commissioners that day to present the main conclusions of the Board's report on the fiscal stance appropriate for the euro area in 2021. She appreciated the challenge posed by the current circumstances – marked by the worst recession on record – for the Board's analytical work.

Mr THYGESEN thanked the PRESIDENT for the privilege of meeting the College and briefing it on the content of the report.

By way of introduction, he reminded the meeting of the role played by the European Fiscal Board in the EU's European Semester of economic and budgetary policy coordination, which was to propose a fiscal stance appropriate for the euro area as a whole before the euro-area Member States prepared their draft budgets for the following year, for October. In November 2020, the Commission would present its draft recommendations for the euro area for 2021, which the Council would adopt in January 2021.

As for the **economic context and the short- and medium-term outlook**, he confirmed that the euro area would experience a deep recession in 2020, with GDP expected to be down by 8% or even more, depending on the baseline scenario. In his view recovery in 2021 was likely to be only partial with the growth rate of real GDP remaining at least 4% below the forecasts made before the COVID-19 pandemic. Other scenarios had been considered, namely a long-term health crisis and a second wave of the epidemic.

Mr THYGESEN returned to the very rapid and decisive initiatives taken by the Commission, combined with those of the European Central Bank, to tackle the deep recession predicted. He mentioned (i) the European instrument for temporary Support to mitigate Unemployment Risks in an Emergency (*SURE*), which was testimony to a powerful gesture of European solidarity, (ii) the temporary Emergency European Recovery Instrument – *Next Generation EU* – which he called a major achievement, and (iii) activation of the general escape clause of the Stability and Growth Pact, which was fully justified to give the Member States room to manoeuvre. It was desirable for the first two instruments – *SURE* and *Next Generation EU* – to be maintained in the long term so that the EU remained armed in the event of future crises.

The sum of the national fiscal policies within the Stability and Growth Pact did not always give a fiscal stance appropriate for the euro area as a whole. That was the case in the present circumstances for 2021 insofar as, amid continuing weak economic activity, strict application of the Pact’s rules would entail a fiscal contraction, hence the need for a fiscal stimulus in 2021.

With regard to the **recommendations for the following year**, the independent European Fiscal Board welcomed the considerable fiscal support provided by both the EU and the Member States in 2020 and it approved the ambitious and innovative instruments devised by the Commission. However, he cautioned against a premature lifting of the fiscal support measures given that there would not be a full recovery in 2021. That was also why the *SURE* and *Next Generation EU* instruments would play an especially important role in 2021.

On the subject of the general escape clause of the Stability and Growth Pact, Mr THYGESEN said that the independent European Fiscal Board unreservedly approved the activation of the clause, which provided the flexibility so badly needed, within the rules, in order to respond to the crisis. However, in order for the activation of the clause to be more effective and more credible, it should include an indication of its duration and specify the conditions under which it would end or be reviewed. Those particulars should be provided no later than spring 2021. That would also be an opportune time to resume the review of the EU budgetary framework interrupted last February by the pandemic.

Among the major recommendations of the independent European Fiscal Board, Mr THYGESEN mentioned protecting and encouraging public investment, which was currently at an alarming level, close to zero, and more generally giving priority to growth-enhancing public expenditure. Placing the emphasis on public investment would kill two birds with one stone: it would make for a short-term fiscal stimulus and enhance the medium-term growth potential.

He concluded his presentation by explaining that, in order to do this, the Board had listed four – largely complementary – options in decreasing order of ambition: (i) the creation of a genuine central budgetary capacity in order to finance growth-enhancing public expenditure in the euro zone in a more targeted way, (ii) the setting up of a permanent investment fund endowed with substantial contributions and guided by clearly defined investment priorities, (iii) simplification of the Stability and Growth Pact allowing governments to effectively protect their growth-enhancing public expenditure, and finally (iv) the application of the transition measures (*bridge*) that exist in the Pact.

The PRESIDENT noted that the European Fiscal Board's analysis exposed a worrying situation.

She returned to the general uncertainty linked to the pandemic and said that after the highly forceful action taken when the first wave of the COVID-19 epidemic hit in order to flatten the rising curve of infections, it appeared that infections were now giving rise to localised pockets of virus spread.

She then mentioned the European instrument for temporary Support to mitigate Unemployment Risks in an Emergency (*SURE*), which was currently limited by its size, and the temporary Emergency European Recovery Instrument – *Next Generation EU* – for which negotiations were ongoing with a view to setting it up in 2021. With regard to *Next Generation EU*, she said that it was the Commission's intention to advance its deployment during the first four years of the multiannual financial plan, up to 2024, but that some Member States wanted to shorten this period.

Mr DOMBROVSKIS thanked Mr THYGESEN for the sound analysis made by the European Fiscal Board. He confirmed the complexity of the exercise, which involved giving advice on a fiscal stance that was appropriate for 2021 in the middle of a crisis, while the European economies were hard hit by the pandemic. Forecasts suggesting a recovery from the third quarter of the current year were very uncertain owing to two major unknowns: the evolution of the pandemic, including the possibility of a second wave of mass infections, and the scale and duration of the economic impact of the pandemic and its budgetary consequences. That was why the Commission took the view that the uncertainly was too great to give any guidance for budgetary policy in 2021 and had taken a qualitative rather than a quantitative approach in its country-specific recommendations in May, particularly because it was too early to say anything specific about the overall fiscal stance. The interim economic forecasts which would be published on 7 July 2020 would not contain an assessment of the budgetary situation either; however, the autumn forecasts would do so, and the Commission would rely on them when assessing the draft budgetary plans of the euro-area Member States for 2021.

Mr DOMBROVSKIS endorsed the European Fiscal Board’s opinion that it was important to specify the timeframe and conditions for exiting the general escape clause of the Stability and Growth Pact, which it had not been possible to do on the basis of the spring economic forecasts, when it had been too uncertain to estimate how long the serious economic slowdown in the EU as a whole would last. The Commission would reconsider in the autumn whether it should provide more precise budgetary policy recommendations and clarifications on lifting the general escape clause, or whether it would be wiser to wait until spring 2021 to do so.

In any event, it was reasonable to assume that over the following quarters the situation would not return to what it had been before the pandemic, firstly because some economies would still be in recovery and, secondly, because the level of indebtedness would be markedly higher owing to the current budgetary support measures and the slump in economic activity.

Under those circumstances, the quality of public finances would therefore be a still more important factor. He fully supported the priority to be given to investment, as prescribed in the country-specific recommendations. He also supported targeted, temporary budgetary support measures, avoiding overly abrupt changes of course in fiscal policy matters. Fiscal policies must be calibrated according to the economic situation and the fiscal space of each Member State. And even if the topic was not entirely relevant to the current discussion, structural reforms were still needed in order to support the EU’s resilience and stimulate growth.

He took note of the proposals that the European Fiscal Board had also made regarding investment protection and the design of the economic governance framework, as well as its reminder of the discussion on central fiscal capacity for the euro area.

Although he acknowledged that the current crisis shed new light on certain matters that the Commission had recently examined, time management would be essential. He explained that this was a particularly sensitive time – with decisions needed as soon as possible on the 2021-2027 multiannual financial framework and the recovery plan – and that reopening the debate on central fiscal capacity or the design of the fiscal rules would only add further complexity to the ongoing negotiations. He emphasised that, in the Commission's proposal, *Next Generation EU* was clearly designed as a temporary instrument and calling into question this temporary nature could undermine attempts to secure an agreement. These two proposals – the multiannual financial framework and the recovery plan – did in fact include elements of central fiscal capacity that would be in operation over the next few years; as a result, he did not feel that there was an urgent need at present to examine the possibility of making these instruments permanent.

Mr GENTILONI welcomed the presentation of the independent European Fiscal Board's report; this year's edition provided an opportunity for an especially interesting intellectual exercise since it related to 2021, a year full of uncertainty, and was based on economic forecasts that may or may not be confirmed. One of the major uncertainties was of course the possibility of a second wave of the COVID-19 pandemic, something which could not be completely ruled out, although there were currently no signs that a second wave would happen. In addition, there was uncertainty as to the strength of the economic recovery, despite the gradual restarting of economic activity in the EU, which could scupper any chance of the economy picking up again.

In any event, he felt that the Commission was preparing to take politically important decisions. The Commission would be required, on the one hand, to give its opinion on the national recovery plans to be submitted by the Member States in spring 2021 if an agreement was reached on the EU's overarching recovery plan. At the same time, the Commission would also have to make key policy decisions on when the general escape clause in the Stability and Growth Pact would cease to apply and on the lessons to draw from the review of the EU's fiscal rules next spring, which would coincide with the implementation of *Next Generation EU* and would necessarily be affected by the current crisis. He noted that investment protection would need to be part of the debate on transforming the euro area fiscal framework. With regard to the four options presented by the European Fiscal Board to achieve this, he considered that they could be complementary, but pointed to the fact that some of the aspects in the proposals would require amendments to existing legislation.

He concluded by stressing that the pandemic response, although temporary, had opened people's eyes to the way in which the EU's fiscal framework could be revised. He was grateful for Professor THYGESEN's report, which provided very useful input to the debate on this issue.

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

- the absolute necessity of stimulating the EU economy, growth and investment right away, in order to begin the recovery in the best possible conditions as the pandemic ended;

- concern over the almost complete lack of net investment in the euro area, and a reference to one potential solution, namely the possibility of considering using the regulatory framework, particularly corporate law and labour law, as a means of encouraging businesses to invest;

- as regards private investment, the case for considering ways of encouraging the twin green and digital transitions, and, as regards public investment, ways of creating virtuous investment that stimulated growth;

- the opportunity to be seized in the recovery plan to develop investment throughout Europe, and the political challenge of, at the same time, bringing down levels of indebtedness in euro-area Member States;

- to that end, the recommendation that Member State governments in the euro area reverted to a more realistic attitude, after having offered large-scale support to their economies in recent months to mitigate the disastrous effects of the pandemic;

- with regard to the fiscal framework, a call to go beyond what had been done 15 years earlier in terms of simplifying the rules in the Stability and Growth Pact in order to stimulate growth and investment;

- questions as to (i) the interaction between the recommended fiscal stance and monetary policy in 2021 and 2022 and (ii) when the relaxation of State aid rules agreed to at the beginning of the pandemic ought to be abandoned in order to revert to the normal State aid regime, bearing in mind that the longer the derogations lasted, the greater the risk of difficulties re-establishing a healthy environment for competition;

- a reference to a general debate to be had on whether the instruments put in place to tackle one crisis should be made permanent so as to equip the Union with tools to overcome other crises.

The PRESIDENT once again emphasised the exceptional economic uncertainty that currently prevailed and noted that the upturn that had been expected when lockdown regimes ended had not yet materialised, with consumers still very cautious and private investment practically non-existent.

She also explained that the Member States had implemented unprecedented recovery measures in recent months, regardless of their cost, to prepare the ground for a recovery. To do so, their only option was to invest in factors that would encourage growth. However, that required structural reforms.

With regard to the *Next Generation EU* recovery plan, she reminded the College that it was tied in with the European Semester of coordination of economic and budgetary policies, since the considerable investment that it would entail concerned all the Member States and not only those in the euro area. She stressed that this was a new field of intervention and a new responsibility for the Commission.

Mr THYGESEN responded to certain comments made during the discussion.

He seconded the remarks made by the PRESIDENT concerning the highly uncertain short-term economic outlook, highlighting the fact that the scenarios – from best-case to worse-case – taken into account in the European Fiscal Board's report were closely linked. For example, he explained that, even if the COVID-19 epidemic re-emerged in the EU later in the year and a partial lockdown was reimposed, it was likely that Europeans would continue to save rather than invest. That was why, in his view, it was extremely important to build solid defences to address all possible scenarios.

With regard to the overall fiscal framework, Mr THYGESEN considered that the Commission had made what was in his view a revolutionary proposal by suggesting that the major investment that would be made possible under the EU recovery plan be incorporated in the European Semester exercise, thereby making this investment a collective effort involving all the Member States. In his view, the fact that the Member States would be required to comply with the Commission's country-specific recommendations would provide an opportunity for greater investment at EU level.

Furthermore, he confirmed that it would be wise, in the immediate future, not to detract from the urgent need to address the crisis in 2020 and 2021 by having multiple aspects of the EU fiscal framework subject to public debate. He stressed that, for the time being, the central, priority focus was to secure the agreement of the 27 Member States as soon as possible on the recovery plan proposed by the Commission, before potentially preparing for a debate in spring 2021 on possible action in the longer term, such as the simplification of certain rules.

On the idea of making permanent those recovery instruments that were designed to be temporary, he suggested waiting until the results of those instruments could be gauged.

He also noted that, generally speaking, governments were inclined to defer investment if they were not encouraged to invest and, with that in mind, he considered the fiscal space authorised in the treaties under the investment clause to be insufficient.

Mr THYGESEN also observed that the European Central Bank had taken very decisive action during the pandemic through measures that appeared to be commensurate with the level of need. In the longer term, he took the view that stabilisation in the euro area would come more from fiscal policy than from monetary policy. Regarding the question of when to return to normality in terms of State aid so as to prevent imbalances in the single market, he recommended surveillance focusing on long-term fiscal sustainability. Lastly, on the question of means of strengthening public investment, he considered that the best approach to take combined short-term fiscal stabilisation and the use of the recovery instrument.

The PRESIDENT thanked Mr Niels THYGESEN for visiting the College and invited him back in October to present the independent European Fiscal Board’s annual report on the implementation of the Stability and Growth Pact in 2019.

The Commission took note of this information.

8. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE, AND THE COMMITTEE OF THE REGIONS – YOUTH EMPLOYMENT SUPPORT – A BRIDGE TO JOBS FOR THE NEXT GENERATION (COM(2020) 276 AND /2; RCC(2020) 121)

9. PROPOSAL FOR A COUNCIL RECOMMENDATION ON A BRIDGE TO JOBS – REINFORCING THE YOUTH GUARANTEE AND REPLACING THE COUNCIL RECOMMENDATION OF 22 APRIL 2013 ON

ESTABLISHING A YOUTH GUARANTEE
(COM(2020) 277 AND /2; SWD(2020) 124 AND /2; RCC(2020) 121)

10. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE, AND THE COMMITTEE OF THE REGIONS – EUROPEAN SKILLS AGENDA FOR SUSTAINABLE COMPETITIVENESS, SOCIAL FAIRNESS AND RESILIENCE
(COM(2020) 274 AND /2; SWD(2020) 121; SWD(2020) 122; RCC(2020) 122)

11. PROPOSAL FOR A COUNCIL RECOMMENDATION ON VOCATIONAL EDUCATION AND TRAINING (VET) FOR SUSTAINABLE COMPETITIVENESS, SOCIAL FAIRNESS AND RESILIENCE
(COM(2020) 275 AND /2; SWD(2020) 123 AND /2; RCC(2020) 122)

Introducing the College's debate on the measures proposed to support youth employment and develop skills in Europe, the PRESIDENT said that young people had been the first to pay the price of the 2008 financial crisis, with a significant rise in youth unemployment in the years that followed, leading in some Member States to a mass exodus of young graduates.

Although the crisis caused by COVID-19 was likely to be even more severe, the Union was better armed today to address it, since it had learned the lessons of the previous crisis and was moving faster to commit the investments needed to support jobs for young people and ensure that they were not left behind. This was precisely the intention of the measures proposed that day to translate into action the Union's solidarity with the young generation.

Mr SCHMIT presented the set of Commission proposals tabled for approval, aimed at promoting youth employment, education and training. It comprised a communication entitled 'Youth Employment Support: a Bridge to Jobs for the Next Generation', accompanied by a proposal for a Council Recommendation on 'A Bridge to Jobs - Reinforcing the Youth Guarantee', and a second communication on the 'European Skills Agenda for sustainable competitiveness, social fairness and resilience', which was accompanied by a proposal for a Council Recommendation on vocational education and training for sustainable competitiveness, social fairness and resilience.

He began by pointing out that the Union must act as quickly as possible to support youth employment, given the severity of the expected economic recession and the uncertainty about a possible second wave of the virus in the coming months. The current crisis was the direct cause of supply and demand shocks, which exacerbated each other and needed a determined response to put an end to this dynamic.

The 2008 financial crisis had immediately sparked a sharp rise in youth unemployment and it had been some years before the European Council, in 2013, adopted its Recommendation on establishing a Youth Guarantee. In the current context of the crisis caused by the pandemic, the Union was demonstrating that it was capable of acting much more rapidly than in the past, one reason being that it now had suitable instruments at its disposal.

He also said that the proposed set of measures sent an important message to young people by offering them prospects for the future, since it formed part of the broader framework of the dual green and digital transition. He felt that the Union's gesture of solidarity should reassure younger people and convince them that they would play a key role in the profound transformation of European societies. He added that the Union's proposed response to youth unemployment must be specific and operational, hence the approach adopted, aimed at opening up concrete job opportunities adapted to the new circumstances and to each young person, whether or not they had qualifications.

With regard to vocational education and training (VET), Mr SCHMIT explained that the previous Council recommendation on this matter had been revised in order to simplify it and to convince the Member States of the importance of investing in vocational training in order to implement the green and digital transition, in the same way as they invested in new technologies or infrastructure. These measures came at a cost and would require sizeable budgets, but they were essential for the success of the green and digital transition and to meet the needs of young people.

He ended his presentation by observing that the aim of reinforcing the Youth Guarantee and the European Skills Agenda was to kill two birds with one stone, i.e. respond now to youth unemployment in the context of the crisis and, for the future, promote the green and digital transition that would shape the world of tomorrow, in particular through training in new jobs. Thus, it was possible to also encourage young people to extend their studies, focusing on the skills of the future in order to widen the range of job opportunities open to them.

Mr DOMBROVSKIS said that even in good economic times, it was always difficult for a young person to find his or her first job. The pandemic had now made it even harder to access the labour market, which was why the Commission was that day proposing to provide young people with the targeted aid they needed so much.

The figures spoke for themselves: youth unemployment increased twice as fast as general unemployment and at the height of the last crisis, in 2012, 25% of young job-seekers could not find one.

With the health crisis, he stressed the risk of being faced with a similar situation, with a general unemployment rate of around 7% whereas youth unemployment already exceeded 15%. Young people entering the labour market today not only faced a market that was stagnant but were also likely to be forced to accept precarious contracts, meaning that they would be the first to be made redundant.

For this reason, he felt it was important that the Union offer its young people specific, concrete ways of getting the professional opportunities they deserved and propose a set of youth employment support measures, in particular proposals aimed at creating a ‘bridge to jobs’ for the next generation.

Mr DOMBROVSKIS told the meeting, first, that the Commission specifically intended to reinforce the 2013 Council Recommendation on the Youth Guarantee, which had already helped around 24 million young people to access the labour market. Every young person signed up to the Youth Guarantee should receive an offer of employment, education, an apprenticeship or training within four months. With the ‘bridge to jobs’ initiative, the Commission proposed extending the age bracket targeted to 24-29 years and facilitating access for the most vulnerable groups of young people, such as minorities or the disabled.

He went on to explain that the Commission was also presenting a Council recommendation on vocational education and training and was proposing to renew the European Alliance for Apprenticeships. He stressed that this was a sound measure given that apprenticeships had been one of the first victims of COVID-19 even though they benefited both employers and young people and had made it possible to offer over 900,000 apprenticeship places since 2013 by mobilising national and regional authorities, businesses, trade unions and education and training providers.

Mr DOMBROVSKIS noted too that the proposals presented that day also specified the EU financing available to help Member States to boost youth employment, namely (i) *ReactEU* in the short term, (ii) the European Social Fund from 2021, with allocations for youth employment, and (iii) the new Recovery and Resilience Facility, aimed at supporting investments and reforms.

However, it was now up to the Member States to use these tools, which could serve to finance, for example, (i) aid for start-ups and loans to young entrepreneurs, (ii) bonuses for SMEs hiring apprentices, (iii) training in new skills and (iv) investments in digital learning infrastructure and technology.

He concluded his presentation by stressing that investing in young people and skills today would help to create a competitive, resilient and inclusive labour market for tomorrow.

Mr SCHINAS said that the preparatory work relating to the European Skills Agenda had been started before the COVID-19 crisis, when the EU economy was in a situation of almost full employment, but that it was still suited to the new economic circumstances.

He emphasised that Europe must undertake a skills revolution and bring about a paradigm shift involving all EU citizens. He felt that the objectives set for 2025 were both ambitious and measurable and that the strategy was coming at the right time, when it was important to act quickly to support youth employment and initiate the dual green and digital transition.

He added that the inclusive nature of the strategy was one of the keys to its success and welcomed the fact that it took into account the most vulnerable groups of young people, in particular the disabled, Roma and young people with a migrant background.

He also stressed that it was important for the effort made to be collective and to closely involve the Member States in order to focus on specific employment prospects. Lastly, he emphasised the comprehensive nature of the strategy, which brought together the Youth Guarantee and the skills development strategy for the good of all citizens.

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

– the vulnerability of young people in a climate of economic crisis and the great disappointment felt by young Europeans, as lockdown had deprived them of their freedom and cast a shadow over their future prospects;

– the vital need for the Union to express its solidarity in concrete terms by supporting youth employment and putting young people at the heart of the transition to a green and digital economy;

– the innovative nature of the Youth Guarantee and the importance for the Member States to take ownership of this instrument in its implementation;

– the political nature of the Union's message of solidarity to young people and the need to encourage similar initiatives among its international partners;

– the need to consider the training of young people as a permanent, long-term need, taking into account the continuous development of skills required for the green and digital transitions and the emergence of new professions;

– the special attention to be paid to young people living in rural areas in order to stem their exodus from the regions concerned;

– recognition of what was likely to be a continuing decline in youth employment in the months ahead amid the growing consequences of the economic crisis triggered by the pandemic, and the negative impact on growth;

– the need to give particular consideration to the mental health of young people in a climate of anxiety by giving them the necessary support and offering them tangible future prospects;

– the importance of communicating actively to the public about the measures taken by the Union to show solidarity towards its young people and the key role of the young in the strategy for the green and digital transformation of the economy and society.

Closing the discussion, the PRESIDENT pointed out that the Commission had already given the Member States considerable support to combat the pandemic and safeguard jobs, in particular through EU financing and the European instrument for temporary support to mitigate unemployment risks in an emergency (*SURE*). She was pleased that the Commission was now proposing targeted initiatives to help young people and offer them every opportunity to develop their potential by giving the best of themselves in order to shape the future of Europe. She noted that it was now up to the Member States to give priority to these investments by making good use of the sum of around EUR 22 billion that would be devoted to supporting youth employment.

The Commission:

- approved the Communication in COM(2020) 276/2 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;

- approved the communication in COM(2020) 274/2, 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, together with the evaluation and executive summary thereof, distributed respectively as SWD(2020) 121 and SWD(2020) 122, the contents of which were noted;

- adopted the proposals for Council Recommendations in COM(2020) 277/2 and COM(2020) 275/2, for transmission to the Council and, for information, to Parliament, the European Economic and Social Committee, the Committee of the Regions and the national parliaments, together with the staff working documents SWD(2020) 124/2 and SWD(2020) 123/2, the contents of which were noted.

12. OTHER BUSINESS (CONTINUED)

12.1. STATE OF PLAY OF NEGOTIATIONS ON THE MULTIANNUAL FINANCIAL FRAMEWORK FOR 2021-2027

The PRESIDENT reported on the state of play of negotiations on the Multiannual Financial Framework for 2021-2027 and, with reference to this, the use of Article 324 of the Treaty on the Functioning of the European Union authorising the Commission to promote consultation between the three institutions concerned and the reconciliation of their positions on this matter.

12.2. LATEST DEVELOPMENTS IN EXTERNAL RELATIONS

The Commission gave an overview of the latest developments in external action policy, notably on the fourth Brussels Conference on supporting the future of Syria and the region, the relations with Serbia and Kosovo[1], the forthcoming summit between the European Union and China, the prospect of Israel annexing the occupied territories in the Jordan valley, the relations between the EU and Turkey, and the extraordinary meeting of the G7 in Washington called on 13 July.

12.3. ACCESSION OF BULGARIA AND CROATIA TO THE EUROPEAN EXCHANGE RATE MECHANISM II – COMMISSION'S ASSESSMENT OF THE PRELIMINARY COMMITMENTS (SEC(2020) 263; RCC(2020) 120)

The PRESIDENT invited Mr DOMBROVSKIS and Mr GENTILONI to present to the College the broad outlines of the assessment it was asked to endorse that day on the progress made by Bulgaria and Croatia in honouring their commitments prior to entering the Exchange Rate Mechanism II (ERM II).

Mr DOMBROVSKIS and Mr GENTILONI stressed the need for strict confidentiality in dealing with the file.

The Commission took note of this information, approved the communication addressed to it as set out in SEC(2020) 263 and authorised Mr DOMBROVSKIS, the Member of the Commission responsible for an economy that works for people, to inform the parties to the Exchange Rate Mechanism II of the results of the assessment.

[1] This designation is without prejudice to positions on status, and is in line with UN Security Council Resolution 1244/99 and the International Court of Justice Opinion on the Kosovo declaration of independence.

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

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The meeting closed at 11.49.