EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2020) 2354 final

- English translation of the French version which is authentic -

Brussels, 11 November 2020

TEXTE EN

<u>MINUTES</u>

of the 2354th meeting of the Commission

held in Brussels

(Berlaymont)

on Monday 19 October 2020

(afternoon)

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Single sitting: Monday 19 October 2020 (afternoon)

The sitting opened at 15.06 with Ms von der LEYEN, President, in the chair.

Present:

Mr TIMMERMANS	Executive Vice-President	Items 1 to 10
Ms VESTAGER	Executive Vice-President	Items 1 to 8 (in part)
Mr DOMBROVSKIS	Executive Vice-President	
Mr ŠEFČOVIČ	Vice-President	
Ms ŠUICA	Vice-President	
Mr SCHINAS	Vice-President	
Mr GENTILONI	Member	
Mr BRETON	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	
Ms McGUINNESS	Member	

Attended by videoconference:

Ms von der LEYEN	President
Mr BORRELL i FONTELLES	High Representative / Vice-President
Ms JOUROVÁ	Vice-President
Mr SCHMIT	Member
Ms FERREIRA	Member

Absent:

Mr HAHN	Member
Ms GABRIEL	Member
Mr WOJCIECHOWSKI	Member
Ms KYRIAKIDES	Member
Mr SINKEVIČIUS	Member

The following sat in to represent an absent Member of the Commission:

Mr MÜLLER	Chef de cabinet to Mr HAHN
Ms KIRALY	Chef de cabinet to Ms GABRIEL
Mr GOLUBIEWSKI	Chef de cabinet to Mr WOJCIECHOWSKI
Mr ROSSIDES	Chef de cabinet to Ms KYRIAKIDES
Mr VAŠČEGA	Chef de cabinet to Mr SINKEVIČIUS

The following also sat in:

Mr SEIBERT	Chef de cabinet to the PRESIDENT	
Mr CALLEJA CRESPO	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	
Ms PETKOVA	Director of Coordination and Administration in the PRESIDENT’s Office	
Mr FLOSDORFF	Executive Adviser in the PRESIDENT’s Office	
Ms VILA NUÑEZ	Policy Coordinator in the PRESIDENT’s Office	
Mr JØRGENSEN	Chef de cabinet to Ms VESTAGER	Items 8 (in part) to 11
Ms SPINANT	Deputy Chief Spokesperson of the Commission	

Mr THYGESEN	Chairman, European Fiscal Board	Item 7
Mr LARCH	Secretariat-General	Item 7
Ms ALLOUIS-LE LOSTEC	Head of Unit in the Secretariat-General	
Mr VALERO	Secretariat-General	

Secretary: Ms JUHANSONE, Secretary-General, assisted by Ms DEPREZ, Director in the Secretariat-General.

The PRESIDENT opened the meeting with a warm welcome to Ms McGUINNESS, who was attending her first meeting of the College. She congratulated her on having passed the various stages of the appointment procedure so successfully and looked forward to working with her.

She stressed that the format of that day's meeting was unusual in that some Members of the Commission were absent owing to engagements at the European Parliament and the Council while others were in quarantine or self-isolation because of suspicions that they might have contracted COVID-19.

This was therefore a hybrid meeting, with some Members of the Commission present in the meeting room and those in quarantine or self-isolation attending by videoconference.

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1. AGENDAS (OJ(2020) 2354/FINAL; SEC(2020) 2354/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) 2354)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Friday 16 October 2020 by videoconference.

3. APPROVAL OF THE MINUTES OF THE 2351ST, 2352ND AND 2353RD MEETINGS OF THE COMMISSION (30 SEPTEMBER AND 6 AND 14 OCTOBER 2020)

The Commission held over approval of the minutes of its 2351st, 2352nd and 2353rd meetings for a later date.

4. INTERINSTITUTIONAL RELATIONS (RCC(2020) 159)

The Commission took note of the record of the meeting of the Interinstitutional Relations Group (IRG) held by videoconference on Thursday 15 October 2020 (RCC(2020) 159).

It paid particular attention to the following points.

4.1. HORIZONTAL MATTERS

i) 2021-2027 Multiannual Financial Framework – Trilogues
(point 1.1.1 of the IRG record)

– Specific provisions for the European territorial cooperation goal (Interreg) supported by the European Regional Development Fund and external financing instruments (Regulation) – ARIMONT report – 2018/0199 (COD)

The Commission approved the line set out in SI(2020) 333/2.

– Programme for single market, competitiveness of enterprises, including small and medium-sized enterprises, and European statistics and repeal of Regulations (EU) No 99/2013, (EU) No 1287/2013, (EU) No 254/2014, (EU) No 258/2014, (EU) No 652/2014 and (EU) 2017/826 (Regulation) – BENIFEI report – 2018/0231 (COD)

The Commission approved the line set out in SI(2020) 330/2.

ii) 2021-2027 Multiannual Financial Framework – Council dossiers
(point 1.1.3 of the IRG record)

– Erasmus: the Union programme for education, training, youth and sport, and repeal of Regulation (EU) No 1288/2013 (Regulation) – ZVER report – 2018/0191 (COD)

The Commission took note of document SI(2020) 329/2.

– InvestEU Programme (Regulation) – FERNANDES & TINAGLI report – 2020/0108 (COD)

The Commission approved the line set out in SI(2020) 331/2.

– Public sector loan facility under the Just Transition Mechanism (Regulation) – HAHN & VAN OVERTVELDT report – 2020/0100 (COD)

The Commission approved the line set out in SI(2020) 336.

4.2. LEGISLATIVE MATTERS

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

– Framework for achieving climate neutrality and amendment of Regulation (EU) 2018/1999 (European Climate Law) (Regulation) – GUTELAND report – 2020/0036 (COD)

The Commission approved the line set out in SI(2020) 328.

– Amendment of Regulation (EU) 2017/2402 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation to help the recovery from the COVID-19 pandemic (Regulation) – TANG report – 2020/0151 (COD) /

Amendment of Directive 2014/65/EU as regards information requirements, product governance and position limits to help the recovery from the COVID-19 pandemic (Directive) – FERBER report – 2020/0152 (COD) / Amendment of Regulation (EU) 2017/1129 as regards the EU Recovery prospectus and targeted adjustments for financial intermediaries to help the recovery from the COVID-19 pandemic (Regulation) – KOVAŘÍK report – 2020/0155 (COD) / Amendment of Regulation (EU) No 575/2013 as regards adjustments to the securitisation framework to support the economic recovery in response to the COVID-19 pandemic (Regulation) – KARAS report – 2020/0156 (COD)

The Commission approved the line set out in SI(2020) 337.

4.3. RELATIONS WITH PARLIAMENT

iv) Preparations for October II 2020 part-session
(point 5.1.1 of the IRG record)

– 2018 discharge – EU general budget 2018 – European Council and Council – ZDECHOVSKÝ report – 2019/2057 (DEC) / 2018 discharge – EU general budget 2018 – European Economic and Social Committee – ZDECHOVSKÝ report – 2019/2060 (DEC)

The Commission took note of document SP(2020) 506.

4.4. OTHER MATTERS

v) Active monitoring and forecast of budget implementation (AMFBI) – Information note
(point 7.1 of the IRG record)

The Commission took note of document SPI(2020) 33.

vi) Additional draft texts for the EU-UK Agreement on the Future Partnership
(point 7.2 of the GRI record)

The Commission took note of document SI(2020) 335.

5. COORDINATION OF EXTERNAL ACTION (RCC(2020) 107 AND /2)

The Commission took note of the operational conclusions in RCC(2020) 107/2 of the meeting of the Group for External Coordination (EXCO) held by videoconference on Wednesday 14 October 2020.

6. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

6.1. WRITTEN PROCEDURES APPROVED (SEC(2020) 338 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 12 and 16 October 2020.

6.2. EMPOWERMENT (SEC(2020) 339 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 12 and 16 October 2020.

6.3. DELEGATION / SUBDELEGATION OF POWERS (SEC(2020) 340 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 12 and 16 October 2020 archived in Decide.

6.4. SIGNIFICANT WRITTEN PROCEDURES (SEC(2020) 341 AND /2)

The Commission took note of the significant written procedures for which the time limit expired between 19 and 23 October 2020 and of the finalisation written procedure initiated following the weekly meeting of Chefs de cabinet on Friday 16 October 2020.

7. OTHER BUSINESS

PRESENTATION OF THE 2020 ANNUAL REPORT OF THE INDEPENDENT EUROPEAN FISCAL BOARD

The PRESIDENT welcomed Mr Niels THYGESEN, Chair of the Independent European Fiscal Board, who was visiting the College that day for the second time during its term of office in order to present to it the main conclusions of the Board's annual report for 2020.

She said that on the occasion of his first visit on 1 July 2019, the Commission had finalised its proposal for the *NextGenerationEU* recovery plan, which in the meantime was before the co-legislators and still had to be ratified in the Member States.

She pointed out that *NextGenerationEU* was a temporary form of central fiscal capacity, just like the European instrument for temporary support to mitigate unemployment risks in an emergency (*SURE*).

Mr THYGESEN thanked the PRESIDENT for the privilege of informing the College of the content of the fourth annual report of the European Fiscal Board since 2016.

The report began by looking back at 2019, the final year of a long recovery period. Economic growth had slowed down, while remaining close to its potential, and public deficits had increased slightly during that period for the first time since the financial crisis, mainly due to the effect of slippages in current public spending. If the Member States had stuck to their initial expenditure forecasts, those deficits would have almost disappeared in the euro area and would have accounted for 0.3% of GDP in the EU as a whole. Moreover, as in previous years, a good many Member States had not taken advantage of that window of opportunity to consolidate their public finances. He added that, although the COVID-19 pandemic had rightly led to use of the general escape clause of the Stability and Growth Pact, it neutralised the implications of non-compliance with its criteria laid down in EU rules.

Developments since 2019 had merely lent weight to the Board's proposal to simplify and reform the EU's fiscal governance. The COVID-19 pandemic had highlighted the three major imperfections of the current Economic and Monetary Union framework for absorbing profound macroeconomic shocks, namely the absence of a genuine permanent central fiscal capacity, the complexity of the Stability and Growth Pact rules and the absence of a mechanism to protect growth-enhancing public investment.

Although the measures put in place at European level to mitigate the economic and social consequences of the pandemic in the form of *NextGenerationEU* and *SURE* were laudable, they did not provide solutions to the long-term challenges facing the EU. He said that from the point of view of the European Fiscal Board, it would be good to rapidly – by spring 2021 at the latest – set the date on which the EU would step back from application of the general escape clause of the Stability and Growth Pact. Reform of the Pact should also be discussed at that time, if not concluded.

With regard to implementation of the fiscal rules, he said that in 2019 the Commission had rejected one draft budgetary plan, that no Member State had been placed under an excessive deficit procedure – although many significant deviations had been established in 10 Member States under the preventive arm of the Pact – and that three Member States had deviated from the path set for reducing their debt.

Mr THYGESEN elaborated in particular on the budgetary situation of the euro area Member States, noting that the Commission had called for a broadly neutral fiscal stance in 2019, whereas the European Fiscal Board recommended a slightly restrictive stance in order to take advantage of favourable conditions. He noted that measured results pointed to a fiscal expansion of the order of 0.6% of GDP.

The deterioration was mainly due to persistent government spending slippage, as he had already indicated, and to a cumulative deviation from spending programmes over the previous four years, which represented almost 3% of euro area GDP, whereas only 0.1% had been earmarked for additional public investment.

He noted that in 2019, as in previous years, the international financial institutions had warned about the risks of departing from the European fiscal rules. Their recommendations had not led directly to corrective measures, but had increased pressure on governments that did not comply with the parameters set. The margin for interpretation in relation to the assessment of Member States' budgetary plans and compliance with the criteria of the Stability and Growth Pact was also a difficulty in their view.

He then raised the question of the implementation of the Pact in the exceptional circumstances. Although use of the general escape clause had been decided only in 2020 and therefore did not apply in 2019, it still had the effect of seriously playing down non-compliance with its criteria in the reporting year. Even if no procedure had officially been launched, the unprecedented number and the extent of the deviations from the criteria of the Pact were worrying. He also said that the wait-and-see approach observed as regards the launching of excessive deficit procedures contrasted with the attitude adopted during the financial crisis.

The combination of an indulgent interpretation of the EU fiscal rules in favourable times and greater latitude in situations of significant macroeconomic shock underlined the difficulty of applying a multilateral surveillance framework in the EU. He added that the flexibility applied should be transparent.

He concluded by noting that the COVID-19 pandemic had put the review of the EU's broad economic governance on hold and revealed the structural weaknesses of Economic and Monetary Union, which were addressed – albeit only temporarily – by *NextGenerationEU* and *SURE*. He said that the current crisis had undermined the fiscal governance instruments, in particular the measures relating to structural deficits, its architecture, which weighed heavily on investment, and the mechanism for anchoring public debt, which had been relaxed. Beyond the schools of thought and fluctuations in the direction of fiscal policy over the past 15 years, he thought it necessary to put in place complementary governance measures at national and European level.

With regard to the reform of the Stability and Growth Pact, he recommended eliminating, as far as possible, the complicating factors and, at the same time, ensuring that the general escape clause was used sparingly in order to return to a system governed by common rules, to set a single operational objective consisting in containing the increase in public expenditure and providing for an anchoring of public debt adapted according to each Member State.

Mr DOMBROVSKIS thanked Mr THYGESEN and the European Fiscal Board for their excellent annual report.

He said that the Board was right to highlight the fact that, in 2019, many Member States had not managed to rebuild fiscal buffers despite positive economic growth. It was not the first time that this had happened, particularly in Member States with high levels of indebtedness, which had led to a pro-cyclical fiscal policy.

In the exceptional circumstances caused by the economic and health crisis that the EU was currently facing, he welcomed the fact that the Board considered the use of the general escape clause in the Stability and Growth Pact to be fully justified. That was why, in the framework of fiscal policy coordination, the Commission had not considered it appropriate to ask the Member States to correct in 2020 budgetary slippage that occurred in 2019.

In 2020, the priority was to effectively tackle the health crisis and shore up the economy, as the Council had agreed in July. Uncertainty linked to the pandemic and its economic consequences was still at unprecedented levels and the EU needed a fiscal policy that would continue to support the economic recovery in 2021, which explained the decision to keep the general escape clause in force next year.

When economic conditions allowed, the Member States would need to change their priorities and return to policies that guaranteed prudent fiscal stances in the medium term and viable public debt in the long term. The immediate focus should be on efforts to roll out the Recovery and Resilience Facility and on relaunching vital reforms and investment.

The Commission would reassess the situation in spring 2021, based on updated macroeconomic forecasts, and would review the use of the general escape clause at that time.

He was firmly convinced of the need for an open and in-depth debate on the future of the EU's fiscal framework, in which the Commission would act as a facilitator. He hoped that this debate would allow all possible options to be explored, give stakeholders the space needed to form their opinions, and that it would take place at the right time, which required genuine commitment on the part of the Member States in particular. Ultimately, he considered that the success of any governance framework depended on the ownership and trust it inspired; in his view, simplifying the rules of the Stability and Growth Pact could only help in this respect.

Mr DOMBROVSKIS noted that it would be useful, in the debate, to continue to differentiate between two issues, namely the application of fiscal surveillance and the review of the governance framework. In his view, it was too soon to set a timetable for reviewing the use of the general escape clause, and the current rules were not a hindrance to recovery. Rather, it was necessary to plan carefully how to design fiscal policies in the future, taking into account the higher levels of indebtedness, weak growth, low interest rates and new European tools to encourage reform and investment, and establishing temporary central fiscal capacity for the years ahead.

Mr GENTILONI viewed the future discussion on the Union's fiscal rules as an existential debate. As things stood, the focus was on winning the battle against COVID-19, which required a significant increase in public spending in the Member States. However, while a certain amount of economic optimism had prevailed in the third quarter of 2020, the outlook for the fourth quarter was clouded by extreme uncertainty, and indeed concern. The European Central Bank was pointing to the risk that the upturn – which had begun, despite the circumstances – would taper off.

Turning to the European Fiscal Board's report itself, he first highlighted the fact that the sustained growth and deficit reduction of the previous decade had not had the same effect in all Member States; this in itself justified a review of the Union's fiscal rules, something made even more necessary by the severity of the current crisis.

Next, he considered that this issue provided an additional opportunity to be seized as part of what was in fact a global debate on the relationship between monetary and fiscal policy. From the EU's point of view, *NextGenerationEU*, *SURE* and the twin green and digital transitions would be very important aspects of this discussion. After the support, the time would come to return to implementing the rules of the Stability and Growth Pact, once a decision was taken, based on a Commission proposal, to cease applying the general escape clause. This ought to happen once the

EU had returned to the 2019, pre-pandemic, level of GDP. In his view, this proposal should not be made before spring 2021.

As regards reform of the Pact's fiscal governance, he highlighted the need for common rules and for the current rules to be changed. It was equally as vital to answer the important questions raised by the European Fiscal Board with regard to the possibility of creating permanent common fiscal capacity, the means of reducing the Member States' levels of indebtedness in the years ahead, and the way in which fiscal rules could encourage them to make growth-enhancing investments.

He ended by thanking Mr THYGESEN for the European Fiscal Board's annual report, which provided a very sound basis for the important debate to come.

The PRESIDENT highlighted the fact that the management of *NextGenerationEU* would be a significant test of this form of temporary central fiscal capacity and would need to prove its worth. With regard to deactivating the general escape clause in the Stability and Growth Pact, she suggested defining the conditions that would need to be met to justify this decision, rather than setting a timetable.

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

- the merits of permanent central fiscal capacity as a means of filling a gap in Economic and Monetary Union;
- the advisability of correcting shortcomings in the current fiscal rules, the parameters of which were not observable, were hard to explain and made it difficult to change trajectory when macroeconomic conditions were favourable;
- support for the idea of a more constructive relationship between monetary and fiscal policy to prepare the way out of the crisis and future crises;

- the fact that the suggestions put forward in the European Fiscal Board's annual report were a useful starting point for an in-depth discussion on ways of ensuring that fiscal policy could fulfil its role as part of a reformed Pact;

- a reminder of the need for common fiscal governance rules to ensure convergence, which was now needed more than ever, but also more difficult to achieve than ever before in view of the current crisis;

- the major difficulty posed by the very large variation in Member States' levels of indebtedness, be it pre-existing debt or debt linked to the pandemic;

- a reminder of the need to prepare for the future deactivation of the general escape clause in the Stability and Growth Pact and the need to reflect on the mechanisms that could replace it;

- in this regard, the support that would be provided by the EU's major investment programmes under the next multiannual financial framework;

- the need to protect public spending that had the potential to stimulate growth.

Mr THYGESEN picked up on certain points raised. He stressed that there was an urgent need to ensure that the Recovery and Resilience Facility was operational as quickly as possible to help find a way out of the crisis. In the meantime, it would be necessary to prepare the major debate on the review of the Stability and Growth Pact, something which the Member States had rejected in 2019, but which they could fully appreciate the need for now. He stressed that, although the EU needed long-term rules, the current Pact was too complicated.

The PRESIDENT wrapped up the discussion by again extending her sincere thanks to Mr Niels THYGESEN for sharing with the College the European Fiscal Board's insight into the fiscal situation in the Union.

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 – COMMISSION WORK PROGRAMME 2021 – A UNION OF VITALITY IN A WORLD OF FRAGILITY (COM(2020) 690 TO /3; RCC(2020) 162)

The PRESIDENT asked Mr ŠEFČOVIČ to present the Commission's 2021 work programme, which was being submitted to the College for approval that day.

She wished to stress that this work programme for 2021 focused on delivering on the strategic priorities highlighted in the first work programme of the current College for 2020. She pointed out that the 2020 programme established a vision and set a course for designing a more ambitious Union at the service of European citizens by providing a comprehensive framework for the six headline ambitions set out in her political guidelines.

She said that the architecture of this comprehensive framework was based on a number of foundations that had already been laid – the European Green Deal, the digital transition and the project for a stronger Europe in the world. She also mentioned the industrial strategy, the new pact on migration and asylum, the Rule of Law Framework, the partnership with Africa and the opening of accession negotiations with North Macedonia and Albania.

The PRESIDENT noted that the roll-out of this architecture had been somewhat disrupted by the COVID-19 pandemic. The Commission had naturally concentrated its efforts in 2020 on managing the crisis, proposing its major recovery plan, *NextGenerationEU*, and adopting more than nine hundred decisions, while adapting the programming of the planned initiatives.

Mr ŠEFČOVIČ pointed out that this year the College was having to turn its attention to its work programme for the third time, with the adoption of the first work programme of its term of office on 29 January 2020 for the current year, the adjustment of that programme on 27 May to take account of the impact of the crisis and the approval that day of the Commission's 2021 work programme.

He stressed that the second work programme of the Commission's term of office followed up on the PRESIDENT's first State of the Union address and marked a turning point by launching the transition from the strategy phase to the implementation phase of the EU's six political priorities.

It confirmed the Commission's resolve to successfully complete the twin green and digital transition, which was an unparalleled opportunity to move out of the fragile situation caused by the crisis and give new vitality to the Union. He explained that, while implementing the priorities set out in this work programme, the Commission would continue to do its utmost to manage the crisis and make Europe's economy and society more resilient in the long term.

Mr ŠEFČOVIČ went on to look at the content of the 2021 work programme, which he considered to be particularly ambitious.

He mentioned in particular the 86 initiatives identified in Annex I of the work programme based on 44 new strategic objectives. He then briefly referred to the major initiatives planned in 2021 to deliver on each of the six headline ambitions set out in the PRESIDENT's political guidelines.

First, with regard to the ambition to achieve a climate neutral Europe by 2050, he said that the Commission would present a « Fit for 55 » package to reduce greenhouse gas emissions by at least 55% by 2030. A carbon border adjustment mechanism would help reduce the risk of carbon leakage and ensure a level playing field by encouraging EU partners to raise their climate ambition. In addition, the Commission would propose measures to implement Europe's circular economy action plan, the EU biodiversity strategy and the farm to fork strategy.

Secondly, as regards the objective of achieving a Europe fit for the digital era, Mr ŠEFČOVIČ said that the Commission would put forward a roadmap with clearly defined digital targets for 2030, related to connectivity, skills and digital public services. In addition, there would be an update of the new industrial strategy for Europe to take account of the impact of the COVID-19 pandemic, as well as a legislative proposal to improve the working conditions of platform workers.

Thirdly, as part of the ambition to develop an economy that worked for people, he said that the Commission would put forward an ambitious action plan to implement fully the European Pillar of Social Rights, making sure that no one was left behind in Europe's recovery. It would also present a new European child guarantee.

Fourthly, to make Europe stronger in the world, the Commission would propose in 2021 that the EU take the lead in the global campaign to ensure a safe and accessible vaccine for all. It would also be presenting communications to strengthen its contribution to a rules-based multilateralism and to update its partnership with its southern neighbourhood as well as a communication on the Arctic. He also mentioned a forthcoming communication on the EU's humanitarian aid, which would explore new ways of working with its partners and other donors.

In fifth place, as regards promoting the European way of life, Mr ŠEFČOVIČ stressed that in response to the COVID-19 pandemic, the Commission would propose building a stronger European Health Union, in particular by developing the role of existing agencies and setting up a new agency for biomedical advanced research and development. A new strategy for the future of Schengen would be tabled in order to preserve the *acquis* and improve its functioning. The new pact on migration and asylum would be followed by a number of proposals for measures on legal migration. The Commission would also continue to strengthen the Security Union with additional measures to combat terrorism, organised crime and hybrid threats. It would also present a comprehensive strategy on combating antisemitism.

Sixth and last, regarding the ambition of giving a new push to European democracy, he said that to build a Union of equality, the Commission would present new strategies in 2021 on the rights of the child and for persons with disabilities, as well as a proposal to combat gender-based violence. The Commission would also propose clearer rules on the financing of European political parties and take action to protect journalists and civil society against abusive litigation. A long-term vision would propose measures for rural areas.

To deliver on the ground, he added that the Commission would step up its outreach work with the Conference on the Future of Europe playing a key role.

In the light of this presentation, Mr ŠEFČOVIČ noted that the work programme announced a very intense workload for the coming year. In view of the fact that some initiatives initially planned for 2020 had had to be postponed until 2021 due to the COVID-19 pandemic, he highlighted the fact that the programming of work was very heavy at the end of the year. He asked the Members of the College to organise the workload from now on to allow enough time to take into account the work of the Regulatory Scrutiny Board.

He pointed out that this work programme would be followed by a joint declaration on annual interinstitutional programming which would be signed by the Presidents of the European Parliament, the Council and the Commission setting out the general objectives and priorities for the coming year.

He also said that, for the first time, in accordance with the Interinstitutional Agreement of 13 April 2016 on Better Law-Making, the three institutions would discuss multiannual programming in order to facilitate the long-term programming of work on the basis of strategic objectives and priorities for the duration of the current Commission’s term of office.

To conclude, Mr ŠEFČOVIČ thanked all the Members of the Commission warmly for their active and constructive collaboration in drawing up this very ambitious 2021 work programme.

The PRESIDENT stressed the importance of better regulation and of legislating as effectively as possible by simplifying processes and minimising the administrative burden. She invited each Member of the Commission to be particularly vigilant in this regard, in accordance with the ‘one in, one out’ principle which she had wanted to introduce. As an illustration, she mentioned the chemicals strategy approved by the Commission the previous week, which provided for the replacement of some forty texts by a single act.

She then gave the floor to the Executive Vice-Presidents.

Mr TIMMERMANS thanked Mr ŠEFČOVIČ for his considerable work in drawing up the work programme proposed that day for 2021. In particular, he praised the programme’s robustness in striking the right balance between what should be achieved and what could realistically be envisaged under the reality principle.

The overall coherence of the work programme for 2021 was a powerful demonstration that it was no longer possible for each Commissioner to work in their area in isolation. He also called for its swift implementation.

Lastly, he welcomed the fact that the fight against anti-Semitism was given the place it deserved.

Ms VESTAGER returned to the question of how to make Europe’s digital decade a reality. She mentioned in particular the forthcoming Commission proposal on a European electronic identity. She also referred to the data aspects of artificial intelligence to be developed, with due regard for European values. Moreover, if the Organisation for Economic Cooperation and Development (OECD) failed to implement a digital tax, the Commission would actively work to do so.

Lastly, she drew attention to the fact that citizens would not judge the current College until the end of its term of office, at best, once the results of the initiatives envisaged that day were truly visible on the ground. She reminded the meeting that the current initiatives had been presented by the previous Commission.

Mr DOMBROVSKIS pointed out that the year ahead would be marked by the implementation of the ambitious recovery plan presented by the Commission and by the European Recovery and Resilience Facility, still under negotiation.

In addition to measures to ensure that the health and economic crisis did not turn into a social crisis, the Commission would seek to support European economies and strengthen the Economic and Monetary Union by revising the framework for dealing with bank failures in the EU, stimulating cross-border investment in the EU and stepping up the fight against money laundering.

Equally, the EU's trade policy would also be reviewed and work would be carried out on the Generalised System of Preferences.

The PRESIDENT concluded by noting the College's broad support for the ambitious work programme presented for 2021.

The Commission approved the Communication in COM(2020) 690/3 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.

9. JOINT PROPOSAL FOR A COUNCIL RGULATION CONCERNING RESTRICTIVE MEASURES AGAINST SERIOUS HUMAN RIGHTS VIOLATIONS AND ABUSES (JOIN(2020) 20; RCC(2020) 163)

The PRESIDENT introduced the presentation to the College of the joint proposal for a Council Regulation concerning restrictive measures against serious human rights violations and abuses. While the EU already had the possibility to introduce geographical sanctions regimes, for example in the case of human rights violations in Syria, Belarus and Venezuela, the new horizontal framework, once it had been adopted by the Council, would establish an EU global human rights sanctions regime.

This new horizontal regime would provide the EU with greater flexibility in order to target those responsible for serious human rights violations worldwide, wherever they occurred. The measures under the new regime would include the freezing of assets and travel bans. On the latter point, she stressed that under the joint proposal the Commission would also be tasked for the first time with monitoring the implementation of the ban, which she regarded as vital for the EU's credibility.

Mr BORRELL said that this joint proposal was one of the legal acts required by the Council to introduce the new horizontal sanctions regime, supplementing the Council decision proposed by the European External Action Service to establish the EU's global human rights sanctions regime. He pointed out that the issue of creating a new horizontal sanctions regime had been raised by a number of Member States at the beginning of the current Commission's term of office and that the PRESIDENT had announced the proposal regarding this regime in her State of the Union address.

At the Foreign Affairs Council on 12 December 2019, the Member States had reached political agreement on the need to establish a horizontal regime targeting human rights violations. The European External Action Service had then worked closely with them to agree on the political parameters and scope of the new regime.

He welcomed the fact that, despite the sensitivity of this issue, the Member States had reached a consensus, albeit fragile on certain points, which proposed an ambitious and innovative regime.

The chief innovation in this new sanctions regime was that it introduced the possibility of imposing travel bans, while at the same time providing for derogations and exceptions based on humanitarian grounds, which would enable Member States to continue to finance humanitarian assistance operations in countries likely to face sanctions. Moreover, the proposed sanctions regime could not be compared to the US Magnitsky Act as it did not cover corruption cases.

He ended his presentation by stressing that the Commission's role in implementing the EU sanctions regime would help to establish the credibility of the new system, which gave Europe the tools not only to defend its values but also to act effectively.

Mr DOMBROVSKIS noted the worrying increase in human rights violations in many parts of the world. The proposed new sanctions regime would enable the EU to combat this phenomenon, be it crimes against humanity, genocide, torture, slavery or trafficking in human beings, more effectively than in the past throughout the world. Like other sanctions regimes, the EU's measures could target natural persons, legal persons, entities or bodies responsible for serious human rights violations or abuses.

In his view, the EU was sending a clear message regarding its position on human rights violations by giving itself greater flexibility to target certain people in third countries. In particular, the ban on travel within the EU for sanctioned persons was now provided for in a joint regulation and not simply in the Council decision. The Commission saw this as an EU competence linked to the fundamental freedom of movement of persons and the Schengen *acquis*.

Through its initiative, the EU was demonstrating how serious it was about strengthening the enforcement of its sanctions, because without the active engagement and supervision of the Commission the travel bans were not always duly implemented. The inclusion of the travel ban in the regulation would therefore enable the Commission to ensure full and uniform implementation by all Member States of the sanctions adopted, allowing the EU to become an even more credible defender of fundamental rights.

Ms McGUINNESS said that at her recent hearing at the European Parliament, the establishment of a horizontal EU sanctions regime had been referred to as an important priority for MEPs. She therefore felt that that day's proposal was an important step towards a sanctions regime which all the EU institutions regarded as essential. She confirmed the importance of ensuring that this sanctions regime was fully implemented. This would fall largely on the Commission services, which would play a decisive role in this respect.

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

- the convergence of views between the EU institutions on the importance of establishing an effective, systematic and credible sanctions regime to defend fundamental rights;
- the need to require decisions on sanctions to be taken by the Member States by qualified majority in order to guarantee the effectiveness of the new regime and prevent the deadlocks in unanimous decision-making;
- the need to mobilise all the tools available to the Commission to effectively combat human rights violations, which were on the rise around the world;
- for some, the desirability in future of including violations of international humanitarian law within the scope of the new regime, given the increase in such violations;
- the importance of the derogations and exceptions on humanitarian grounds provided for in the Regulation in order to prevent possible undesirable consequences when implementing sanctions, particularly for persons dependent on the humanitarian aid provided by the Union;
- the desirability of introducing such derogations in existing sanctions regimes, since only seven out of twenty regimes currently included such provisions.

The PRESIDENT felt that an EU sanctions regime that would make it possible to hold to account those responsible for human rights violations and abuses was long overdue. She hoped that the Council would demonstrate its determination to support the Commission in this objective by swiftly adopting the proposal to be tabled that day.

Following these presentations, the Commission approved the Joint Proposal for a Council Regulation in JOIN(2020) 20, for transmission to the Council and, for information, to the European Parliament and the national parliaments.

10. MONITORING THE APPLICATION OF EUROPEAN UNION LAW

INFRINGEMENTS – URGENT INDIVIDUAL CASES
(SEC(2020) 353)

- **2020/2300 – Cyprus – Cyprus investor citizenship scheme**
  Decision: Letter of formal notice pursuant to Article 258 of the Treaty on the Functioning of the European Union

- **2020/2301 – Malta – Malta investor citizenship scheme**
  Decision: Letter of formal notice pursuant to Article 258 of the Treaty on the Functioning of the European Union

The PRESIDENT asked Ms JOUROVÁ and Mr REYNDERS to brief the meeting on the proposed infringement procedures to be initiated by the Commission against Cyprus and Malta regarding their investor citizenship schemes. These schemes, sometimes referred to as 'golden passports', enabled third-country nationals to obtain the nationality of these two Member States solely on the basis of a payment or an investment, without requiring the existence of a genuine link between them.

Ms JOUROVÁ began by observing that acquiring the nationality of a Member State automatically meant acquiring European citizenship, with the resulting rights under the Treaties, in particular the right to free movement in the EU and participation in the democratic process. The effects of these schemes were therefore not confined to those Member States that had chosen to use them, but extended to other Member States and to the EU as a whole.

The Commission had closely monitored these schemes from month to month, in association with the Member States concerned, in order to try to contain the risks they posed to the EU, particularly in terms of security.

However, the results of these efforts had not been fully satisfactory and Ms JOUROVÁ felt that as the guardian of the Treaties, the Commission should now open the proposed infringement procedures in order to safeguard European citizenship.

Mr REYNDERS referred to the concerns expressed and reiterated on numerous occasions by the Commission about the schemes in question. He himself had been one of those voicing these concerns since the start of the Commission's term of office, and the PRESIDENT had pointed out only recently in her State of the Union speech that European values were not for sale.

He mentioned in particular the report of 23 January 2019 in which the Commission had set out the reasons for its serious concern, in particular with regard to security, money laundering, tax evasion and corruption, and had announced that it was closely monitoring the issue of whether investor citizenship schemes in particular complied with EU law.

The existence of schemes which 'sold' EU citizenship by granting the nationality of Member States in return for financing that benefited only those Member States, moreover without requiring any other link with them, called for a firm and determined response from the Commission.

Thus, in his view, opening infringement proceedings against Cyprus and Malta was justified, necessary and indeed a matter of urgency in order to persuade them to give up the schemes in question, in whatever form.

In support of this statement, he said that the naturalisations granted under the schemes represented a significant proportion of the total naturalisations registered in the two Member States concerned, taking into account the naturalisation of the applicants' family members.

He pointed out that while it was true that the conditions for obtaining and forfeiting nationality of an EU Member State were regulated by the national law of that Member State, they must nevertheless comply with EU law.

Investment citizenship schemes risked undermining the principle of sincere cooperation and mutual trust between Member States and jeopardising the very nature of European citizenship, which he saw as a set of rights shared between Member States as a matter of solidarity.

He also expressed concern that EU candidate countries, and even the United Kingdom, were using such arrangements to enable investors to benefit from the opportunities granted to the citizens of those countries in the context of an accession process or privileged partnership agreement.

Finally, Mr REYNDERS drew the Members' attention to the difference between the investor citizenship schemes in question and investment residence schemes, 'golden visas', which enabled third-country nationals, subject to certain conditions, to obtain a residence permit for an EU country in which they invested. Although these schemes, which had been introduced in around 20 Member States, did not raise the same legal difficulties as 'golden passports', they nevertheless entailed risks in terms of security and money laundering that should not be underestimated and needed to be closely monitored.

The PRESIDENT thanked Ms JOUROVÁ and Mr REYNDERS for the speed with which the measures presented had been drawn up in order to protect the EU's values and ensure that these values were not for sale and were shared by the Member States in full solidarity.

Following these presentations, the Commission, on a proposal from the PRESIDENT, confirmed the adoption of the decisions to send letters of formal notice in SEC(2020) 353 by the finalisation written procedure, the deadline for which was set at 10.00 on Tuesday 20 October 2020 (PE/2020/7526).

11. OTHER BUSINESS (CONTINUED)

LATEST DEVELOPMENTS IN EXTERNAL RELATIONS

The PRESIDENT asked Mr BORRELL to give the College an overview of the main recent developments in external relations policy.

Mr BORRELL began with the situation in Nagorno Karabakh, where the parties had not abided by the ceasefire agreed in Moscow on 10 October and hostilities had continued, claiming many civilian victims on the ground. Both sides were accusing each other of breaking the ceasefire and of escalating the conflict.

On 18 October Mr BORRELL had met with the Armenian and Azerbaijani Foreign Ministers in order to put pressure on the two sides to adhere to the humanitarian ceasefire that had been renegotiated the previous day by the French President, Emmanuel Macron, in coordination with the co-chairs of the Minsk Group. He said that civilians in Nagorno Karabakh were now in a critical situation, with many displaced persons, most of whom were forced to live in shelters with no water or electricity. The Union was prepared to provide humanitarian aid provided that the fighting stopped and the two sides returned to the negotiating table under the auspices of the Minsk Group.

He reported that the co-chairs of the Minsk Group were continuing their mediation efforts and that they were due to meet soon in Washington, at the initiative of the US Secretary of State, Mike Pompeo, to agree what steps to take to ensure that the ceasefire was observed and negotiations resumed.

Mr BORRELL then turned to the situation in Belarus, noting that the Council had given its approval to the inclusion of President Alexander Lukashenko on a new list of people subject to sanctions.

Demonstrations were continuing in Minsk and the opposition leader, Svetlana Tikhanovskaya, had issued an ultimatum and called for a national strike.

In this context, he explained that Commission departments and the European External Action Service were continuing their work on the follow-up to the conclusions of the European Council, particularly as regards the preparation of comprehensive support for a democratic Belarus.

As regards Turkey, Mr BORRELL noted with regret that during the past week the Turkish Government had taken new measures that could lead to an escalation of tensions, placing even more strain on relations between Turkey and the EU. Ankara’s announcement of the reopening of the beach at the town of Varosha, a decision taken in the context of local elections in northern Cyprus, with the clear support of Turkey, had only ratcheted up tensions further. Turkey had also announced the return of seismic survey vessels to the exclusive economic zones of Cyprus and Greece.

Mr BORRELL said he had made a statement on behalf of the EU Member States and noted that the European Council had adopted new conclusions on EU-Turkey relations on 16 October. However, the efforts deployed by the Union under the positive cooperation programme with Turkey which the Council had called for on 1 and 2 October had now been seriously undermined.

He was nevertheless convinced of the need for further efforts to encourage Turkey to engage in more constructive behaviour, in particular by promoting the idea of an international conference on the Eastern Mediterranean. EU leaders would discuss this matter at the next European Council meeting in December.

Mr BORRELL ended his overview of the current international situation by mentioning the sanctions adopted on 14 October against six persons and one entity responsible for or involved in the attempted assassination of Alexei Navalny. He stressed the speed with which this measure had been taken.

The Commission took note of this information.

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The PRESIDENT ended the College meeting by expressing her deep concern at the worsening health situation and the strong resurgence of COVID-19 in the Union. She noted that the number of cases of infection was increasing exponentially in all Member States, unlike in the first wave in spring, when some countries had been relatively spared. She feared that this new surge in the epidemic was only just beginning.

She had therefore decided to reactivate the group of Commissioners most directly concerned by the strategy to combat COVID-19, which would meet by videoconference three times a week for the time being, and more often if circumstances required. She stressed that the role of this informal group was not to take decisions but to monitor the development of the pandemic. Members of the Commission who wished to attend these meetings were asked to let her know.

The Commission took note of this information.

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The meeting closed at 17.15.