EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2021) 2376 final

- English translation of the French version which is authentic -

Brussels, 2 June 2021

TEXTE EN

MINUTES

of the 2376th meeting of the Commission

held in Brussels

(Berlaymont)

on Wednesday 5 May 2021

(morning)

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- English translation of the French version which is authentic -

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TABLE OF CONTENTS

Single sitting: Wednesday 5 May 2021 (morning)

The sitting opened at 9.07 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 ŠEFČOVIČ	Vice-President	
Ms JOUROVÁ	Vice-President	
Ms ŠUICA	Vice-President	
Mr SCHINAS	Vice-President	
Ms GABRIEL	Member	Items 8 (in part) to 11
Mr SCHMIT	Member	
Mr GENTILONI	Member	
Mr WOJCIECHOWSKI	Member	
Mr BRETON	Member	
Ms FERREIRA	Member	
Ms KYRIAKIDES	Member	
Mr REYNDERS	Member	
Ms DALLI	Member	
Ms JOHANSSON	Member	
Mr LENARČIČ	Member	
Ms SIMSON	Member	
Mr SINKEVIČIUS	Member	
Ms McGUINNESS	Member	

Absent:

Mr BORRELL i FONTELLES	High Representative / Vice-President

Mr HAHN	Member
Ms VĂLEAN	Member
Mr VÁRHELYI	Member
Ms URPILAINEN	Member

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

Mr BRIENS	Deputy Chef de cabinet to Mr BORRELL	
Mr MUELLER	Chef de cabinet to Mr HAHN	Items 1 to 10
Ms KIRÁLY	Chef de cabinet to Ms GABRIEL	Items 1 to 8 (in part)
Mr GOETZ	Chef de cabinet to Ms VĂLEAN	
Mr HORVÁTH	Expert in Mr VÁRHELYI's Office	
Mr LAHTI	Chef de cabinet to Ms URPILAINEN	

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 WHELAN	Adviser in the PRESIDENT's Office	Items 8 and 9
Ms TOVSAK-PLETERSKI	Economic Adviser in the PRESIDENT's Office	Item 8
Ms SCHULTZ	Policy Coordinator in the PRESIDENT's Office	
Ms SPINANT	Deputy Chief Spokesperson of the Commission	

Secretary: Ms JUHANSONE, Secretary-General, assisted by Ms ALLOUIS-LE LOSTEC, Head of Unit in the Secretariat-General.

1. AGENDAS
(OJ(2021) 2376/FINAL; SEC(2021) 2376/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(2021) 2376)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 3 May 2021.

3. APPROVAL OF THE MINUTES OF THE 2373RD, 2374TH AND 2375TH MEETINGS OF THE COMMISSION (14, 21/22 AND 27 APRIL 2021)

The Commission held over approval of the minutes of its 2373rd, 2374th and 2375th meetings for a later date.

4. INTERINSTITUTIONAL RELATIONS
(RCC(2021) 103)

The Commission took note of the record of the meeting of the Interinstitutional Relations Group (IRG) held by videoconference on Friday 30 April 2021 (RCC(2021) 103).

The Commission approved the lines proposed for the following points:

– **2021-2027 Multiannual Financial Framework – Public sector loan facility under the Just Transition Mechanism (Regulation) – HAHN & VAN OVERTVELDT report – 2020/0100 (COD)**

Line set out in SI(2021) 126/2.

– **COVID-19 – Digital Green Certificate:**

- **Framework for the issuance, verification and acceptance of interoperable certificates on vaccination, testing and recovery to facilitate free movement during the COVID-19 pandemic (Digital Green Certificate) (Regulation) – Fernando LÓPEZ AGUILAR report – 2021/0068 (COD)**

- **Framework for the issuance, verification and acceptance of interoperable certificates on vaccination, testing and recovery to third-country nationals legally staying or legally residing in the territories of Member States during the COVID-19 pandemic (Digital Green Certificate) (Regulation) – Fernando LÓPEZ AGUILAR report – 2021/0071 (COD)**

Line set out in SI(2021) 128.

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

Line set out in SI(2021) 125.

– **Implementation of the Single European Sky (recast) (Regulation) – MARINESCU report – 2013/0186 (COD) / Amendment of Regulation (EU) 2018/1139 as regards the capacity of the European Union Aviation Safety Agency to act as Performance Review Body of the Single European Sky (Regulation) – LIBERADZKI report – 2020/0264 (COD)**

Line set out in SI(2021) 120.

The Commission took note of the following point:

– **Results of Parliament's April 2021 part-session**

Information set out in SP(2021) 259.

5. COORDINATION OF EXTERNAL ACTION (RCC(2021) 25)

The Commission took note of the operational conclusions in RCC(2021) 25 of the meeting of the Group for External Coordination (EXCO) held by videoconference on Wednesday 28 April 2021.

6. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

6.1. WRITTEN PROCEDURES APPROVED (SEC(2021) 170 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 26 and 30 April 2021.

6.2. EMPOWERMENT (SEC(2021) 171 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 26 and 30 April 2021.

6.3. DELEGATION / SUBDELEGATION OF POWERS (SEC(2021) 172 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 26 April and 2 May 2021, as archived in D*e*cide.

6.4. SIGNIFICANT WRITTEN PROCEDURES (SEC(2021) 173 AND /2)

The Commission took note of the significant written procedures for which the time limit expired between 3 and 7 May 2021.

7. ADMINISTRATIVE AND BUDGETARY MATTERS (SEC(2021) 174/2)

ADMINISTRATIVE MATTERS
(PERS(2021) 43/2)

7.1. DG STRUCTURAL REFORM SUPPORT – APPOINTMENT OF AN AD14/15 DIRECTOR (PERS(2020) 95 TO /4)

The Commission had before it applications under Article 29(1)(a)(i) and (iii) of the Staff Regulations for the post of Director of the 'Support to Member States Reforms' Directorate in DG Structural Reform Support (PERS(2020) 95 and /2).

It took note of the opinions of the Consultative Committee on Appointments of 4 February and 18 March 2021 (PERS(2020) 95/3 and /4).

The Commission then examined the applicants' qualifications for the post. It also considered their ability, efficiency and conduct in the service. On a proposal from Mr HAHN, in agreement with the PRESIDENT, and after consulting Ms FERREIRA, it then decided to appoint Ms Nathalie BERGER to the post.

This decision would take effect on a date to be determined.

7.2. DG HUMAN RESOURCES AND SECURITY – APPOINTMENT OF A SPECIAL ADVISER FOR THE PROMOTION OF FREEDOM OF RELIGION OR BELIEF OUTSIDE THE EUROPEAN UNION (PERS(2021) 45)

On a proposal from Mr HAHN, in agreement with the PRESIDENT, the Commission decided:

– to appoint Mr Christos STYLIANIDES to the post of Special Envoy for the promotion of freedom of religion or belief outside the European Union;

– to appoint Mr Christos STYLIANIDES as Special Adviser to Mr SCHINAS and to grant him an unpaid contract for a maximum of 40 working days which will run for one year. In order to carry out his mission, he would benefit from existing resources of DG Justice and Consumers (DG JUST) and would rely on the cooperation of the European External Action Service;

– to authorise Mr HAHN, the Member of the Commission responsible for the budget and human resources, by derogation to Point 6(2) of Commission Decision C(2007) 6655, to amend Mr Christos STYLIANIDES's contract in the event of duly justified and urgent needs, subject to the availability of sufficient budgetary appropriations;

– to authorise the Director-General of DG Human Resources and Security to implement this decision by signing the contract on behalf of the authority empowered to conclude contracts of employment.

These decisions would take effect immediately.

7.3. DG HUMAN RESOURCES AND SECURITY – APPROVAL OF A LIST OF CANDIDATES FOR THE POST OF DEPUTY HEAD OF THE EUROPEAN UNION DELEGATION TO RUSSIA (AD9/14) (PERS(2021) 44)

On a proposal from Mr HAHN, in agreement with the PRESIDENT, the Commission decided to approve the list of candidates for the post of Deputy Head of the EU Delegation to Russia (at grade AD9/14) set out in PERS(2021) 44.

The competent authority of the European External Action Service would make the final appointments on the basis of this list.

This decision would take effect immediately.

7.4. SECRETARIAT-GENERAL / DG BUDGET / DG HUMAN RESOURCES AND SECURITY – OPENING OF A EUROPEAN UNION DELEGATION TO THE ASEAN, IN JAKARTA

The Commission took note of the information in point 4 of PERS(2021) 43/2 and, on a proposal from Mr HAHN, in agreement with the PRESIDENT, and after consulting Mr DOMBROVSKIS, Mr BORRELL, Mr LENARČIČ, Mr VÁRHELYI and Ms URPILAINEN, decided:

– to agree to the opening of a European Union Delegation to the Association of Southeast Asian Nations (ASEAN) in Indonesia, based in Jakarta;

– to take note the intention to transform the current mission to the ASEAN, integrated in the delegation to Indonesia by opening a separate delegation, at no additional cost, and relying on the current synergies with the bilateral delegation;

– to note that any decision connected with the above decision to open the delegation and relating to the adoption of the new organisation chart or amendments to existing ones, and any decision to (re)deploy Commission resources, would have to be adopted in accordance with the cooperation procedures agreed by the Commission and the High Representative of the Union for Foreign Affairs and Security Policy and with internal procedures at the Commission.

These decisions would take effect immediately.

7.5. DG COMMUNICATION – APPOINTMENT OF A HEAD OF A EUROPEAN COMMISSION REPRESENTATION

The Commission took note of the decision taken by the Appointing Authority to appoint Ms Myrto ZAMBARTA to the post of Head of the European Commission's Representation in Nicosia, Cyprus.

This decision would take effect on a date to be determined.

8. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE, AND THE COMMITTEE OF THE REGIONS – UPDATING THE 2020 NEW INDUSTRIAL STRATEGY: BUILDING A STRONGER SINGLE MARKET FOR EUROPE'S RECOVERY (COM(2021) 350 TO /3; SWD(2021) 351 TO /3; SWD(2021) 352 AND /2; SWD(2021) 353 TO /3; RCC(2021) 105)

The PRESIDENT briefly introduced the College's discussion on the communication updating the EU's industrial strategy to reflect the lessons learned from the COVID-19 pandemic.

She explained that the updated strategy reaffirmed the priorities set in the March 2020 communication (which had been published the day before the World Health Organization (WHO) declared the COVID-19 outbreak to be a pandemic) and took into account the ongoing crisis in order to boost the recovery and strengthen the EU's open strategic autonomy. She noted that the pandemic had rapidly accelerated a number of trends that were already under way, such as the digitalisation of the economy and of society, and had underscored the need to step up efforts to fight climate change. Moreover, the crisis triggered by the pandemic had highlighted the EU's dependencies, which the updated industrial strategy aimed to correct.

Ms VESTAGER noted that the Commission had put forward a new industrial strategy a little over a year ago. The aim of that strategy had been – and still was – to support the green and digital transitions and make EU industry more competitive globally. It was built upon the EU's strong industrial base, the diversity and talent of its businesses, and its immense capacity for innovation. Although the strategy drawn up in 2020 was yet to be implemented fully, the upheavals experienced over the past year could not be ignored.

She observed that one of the pandemic's effects had been to throw the single market's weaknesses into relief. She highlighted for example the severe disruption that had affected production chains in the early stages of the COVID-19 crisis; in response, a proposal would soon be presented for an emergency instrument for the single market that would offer structural solutions to such issues as disruptions in free movement, poor coordination of restrictions, disruptions in value chains and the placing on the market of non-compliant products.

She pointed out that the pandemic's impact varied from one Member State, region and sector to another, and that their potential for recovery was similarly uneven now. Some sectors had been hit hard (such as tourism, culture and the creative industries, transport, and the textiles sector), whereas others had coped remarkably well or even thrived (for example the digital industry). It was therefore vital that policy measures – especially those adopted to aid economic recovery – took due account of the very different situations created by the pandemic.

Ms VESTAGER noted that there had been many discussions on the issue of the EU's dependencies in recent months, and that a comprehensive mapping exercise had identified 137 products for which the EU depended on third countries. Accordingly, it was important to strike the right balance between strengthening the EU's strategic capacities, on the one hand, and diversifying external trade and increasing cooperation with international partners, on the other.

She then turned to the matter of industrial alliances, which could be a very useful tool for bringing industry together to cooperate on a shared task, as demonstrated by the European Battery Alliance.

She stressed that industrial alliances were usually open to everyone so as to draw on the knowledge and expertise of all the relevant economic players. While this core principle should be maintained, she noted that there was a consensus within the College regarding the need to protect certain areas of industry from foreign interference, such as when security was at stake. She believed that it was necessary to come up with a comprehensive approach, as part of a joint strategy, to address such issues as how the EU's international partners should be treated, the amount of trust that should be placed in them and the restrictions that should be adopted for security reasons, rather than handling these issues on a case-by-case basis.

She concluded her presentation by highlighting the timeliness of the updated joint strategy – which came as the EU was preparing for summits with India (on 8 May) and the US (in mid-June) – and stressing the importance of sending out a clear signal regarding the EU's desire to strengthen its strategic autonomy while remaining open to trade and international cooperation.

Mr DOMBROVSKIS began by noting that aside from the crisis, the updated industrial strategy was based on a wealth of objective evidence and an extremely detailed analysis.

He went on to explain that three lessons in particular had shaped the Commission's thinking as it updated the industrial strategy. First, the pandemic had highlighted just how fragile the single market was when exposed to particular types of disruption. Second, the Member States had asked the Commission to analyse the vulnerabilities in the EU's strategic value chains, as other global powers did. Third, the pandemic had only strengthened the business case for the green and digital transitions.

As Commissioner for Trade, he had kept a close eye on the analysis of the EU's strategic dependencies in global value chains. He confirmed that openness to trade and investment was vital for the EU's growth and resilience, given its position as a leading global importer and exporter.

Nevertheless, some of the disruptions caused by the pandemic had caught the EU by surprise, especially in the health sector. This had prompted the Commission to carry out a bottom-up analysis of production ecosystems based on trade data.

The analysis had revealed that the EU was heavily dependent on third countries for 137 of 5 200 products it imported; together, they accounted for 6% of the total value of the goods imported into the EU. He noted that most of these were products in energy-intensive industries (e.g. raw materials) or health ecosystems (e.g. the main active pharmaceutical ingredients), while others were important for the green and digital transitions. Around half of all imports of high-dependency products came from China, followed by Vietnam and Brazil.

Mr DOMBROVSKIS believed that for most of these products, industry itself was best placed to reduce dependency through such measures as supply diversification. However, in the case of 34 products which together accounted for 0.6% of the total value of goods processed in the EU, it would be difficult to diversify and to replace them with EU production.

He therefore recommended not only tackling the EU's dependencies efficiently and in a targeted manner, since they were concentrated in a small number of areas, but also acting now to avoid being bound by future strategic dependencies. It was therefore necessary to put in place critical capacities, particularly for the cutting-edge technologies that would be critical to the green and digital transitions, namely batteries, semiconductors, critical raw materials and hydrogen.

Mr DOMBROVSKIS further remarked that, so far, all the industrial alliances put in place by the EU had been open to participation by external players and that, generally, they had been a real life example of the concept of open strategic autonomy.

He was convinced that it was in the EU’s interest to reap the benefits of international partnerships, provided that they did not give rise to specific concerns. He added that, taking into account rapid growth in Asia and the rapid ageing of the EU, the latter would have to be cautious in its desire to be fully autonomous, and to consider the consequences of those ambitions on bilateral relations with its main international partners.

He concluded by suggesting that the alliances envisaged by the EU should be based on an ‘open by default’ principle, while partnerships should be organised in such a way that certain segments or tasks were reserved for the EU.

Mr BRETON noted that although the pandemic had severely affected the European economy, the recovery seemed to have started already, although it varied depending on the ecosystem. Some had been particularly affected, as was the case for 75% of businesses in the tourism sector, which were currently in financial distress. He stressed that the crisis would leave its mark on employment and the industrial base, and that it would have an impact on the job prospects of young people entering the labour market.

He confirmed that, in order to update the EU's industrial strategy, the Commission had wanted to rely on an extremely robust analysis in order to understand the microeconomic environment for businesses and to define the instruments that the Union would need to support them in recovering from the crisis. The analysis also afforded a better overview of European strategic dependencies, as requested by the European Council last October.

He explained that the lessons learned from the COVID-19 crisis made it possible to set a course based on (i) strengthening the resilience of the internal market, (ii) reducing the EU's strategic dependencies and (iii) accelerating the twin green and digital transition.

As regards the resilience of the internal market, the update of the industrial strategy included the creation of the Single Market Emergency Instrument, a structural solution designed to ensure the free movement of goods and services if and when another Europe-wide crisis occurred.

As regards strategic dependencies, the EU had to better anticipate its collective needs in essential areas such as health, security and the green and digital transition. The Commission had identified six strategic areas, including that of the main active pharmaceutical ingredients. The outcome of its analysis would enable it to support efforts on the part of industry to strengthen capacities in those areas.

He recommended that industrial alliances be viewed as a means of guiding a common European strategy in a few key areas, by focusing efforts on the whole value chain. Those alliances were adaptable, both in terms of ambition and strategic nature. He pointed out that three alliances had already been launched for hydrogen, raw materials and batteries and that, bolstered by the positive results obtained, the Commission proposed launching four other alliance projects on semiconductors, the cloud, space launchers and zero emission aviation.

Mr BRETON said that the EU was now in a global technology race, in which its role and place would be determined by geostrategic considerations. He therefore hoped that the Union would take the lead in all stages of that race, powered by a clearly defined common vision and ambition, before establishing partnerships.

He considered that industrial alliances should remain open, but that they should comply with rules set by the EU to preserve its interests, particularly in terms of security of supply, patent protection and data protection. To achieve this, the EU would have to be capable of asserting its conditions not by ostracising others or being protectionist, but rather by ensuring a level playing field.

Furthermore, the analyses carried out by the Commission's departments showed that the challenges to overcome and the tools needed to encourage the twin green and digital transition would vary from one ecosystem to another. Therefore, a tailor-made approach for each of them would generally be justified. For that reason, it was essential to work with industry, social partners and public authorities to create transition pathways for each ecosystem, beginning with the tourism sector and energy-intensive industries. That could be done by the summer for the tourism sector, while at the same time defining the prospects for the long term.

He concluded by referring to the situation of small and medium-sized enterprises (SMEs), which had lost over 1.4 million jobs in the EU in 2020 and represented the backbone of its economy and the driving force of various ecosystems. It was important to protect them from unnecessary administrative constraints and to take account of their needs, particularly in terms of recapitalisation and support, when implementing the triple green, digital and resilient transition.

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

- the observation that European industry had proved to be surprisingly resilient, and, with support from the Member States and the EU, had held up against the shock of the pandemic and was already showing signs of recovery;

- the pivotal role of trade in stimulating economic growth and benefiting from the recovery plans which were being implemented on an unprecedented scale by the EU's main trading partners;

– the possibility of regarding the concept of 'open strategic autonomy' as the EU's calling card, based on pragmatism, the definition of shared interests and respect for the rules of international trade;

– the important position of the EU in globalisation and a wide range of global issues, including the fight against climate change and support for rules-based international trade;

– the geopolitical implications of the discussions and work on the EU's strategic autonomy and on industrial alliances to ensure the smooth operation of the EU's supply chains;

– the territorial dimension to the EU's industrial strategy, within which cohesion policy was a key tool for encouraging economic convergence between regions and a fair recovery that reflected the variable impact of the pandemic;

– the need for the EU's industrial strategy to incorporate its priorities and principles, in particular the fight against climate change and the protection of fundamental rights;

– the advisability of placing employment at the heart of the EU's industrial policy, of which it was a key part in the context of an economic and social transformation requiring the acquisition of new skills on an unprecedented scale;

– the vital role that the Commission could play in bringing together the efforts and resources of the Member States, the EU and financial institutions in order to implement a long-term industrial strategy with a view to achieving the twin green and digital transition;

– the success of the European Battery Alliance set up by the Commission in 2017, which would ensure that up to 80% of the EU's needs were met by 2025;

- the fact that, for some, it was impossible to guarantee the systematic and absolute openness of the industrial alliances promoted by the EU, given the need to protect its interests in strategic areas such as security or data management;

- the value of regarding these alliances as a necessary route to industrial recovery, but also as a field of geostrategic competition, over which the EU should keep control at all times by enforcing compliance with its rules;

- the fact that, for others, industrial alliances had to be open by default so that the EU could play its international role to the full and promote its priorities and its influence, particularly in terms of establishing global rules and standards, while taking advantage of the concerted efforts made by its international partners in the transformation of the economy and society;

- the importance of ensuring that the EU was not perceived as protectionist, inward-looking and cut off from the world;

- the desire shared by all the Members of the Commission to avoid a rigid and overly simplistic debate defined in terms of strategic autonomy versus openness, but instead to adopt a pragmatic approach on a case-by-case, sector-by-sector basis to decide when and how the EU needed to defend its autonomy and security in the event of a risk being identified;

- hence the need to draw up governance rules for each alliance depending on its main features and bearing in mind the risks to the EU's strategic autonomy in each field under consideration;

- the numerous safeguards that already protected European interests in connection with existing industrial alliances;

- the proactive nature of the EU's industrial strategy, which as such constituted a message of optimism for the future and for the EU's ability to meet the challenges facing the planet as a whole;

- the growing awareness among Member States of how far-reaching the ongoing green and digital transformation was, something that explained the increasing convergence of their positions;

- the value of bringing civil society and industry on board in order to speed up the pace of the transformation by highlighting the many advantages that could be expected from a historic and inevitable transition that some regarded as a threat;

- the useful contribution that all Members of the Commission could make to public debate on the EU's industrial policy by drawing on sound analyses and objective facts; the numerous examples that could be cited of situations in which industry had proved its adaptability through achievements driven by political pressure and technological progress, such as the electric car, renewable energy or hydrogen applications;

- the value of reassessing all the economic hypotheses underpinning the way the world economy worked and questioning conventional wisdom, the status quo and the definition of the concepts of growth, production and investment, which were central to economic activity.

In conclusion, the PRESIDENT stressed that small and medium-sized businesses had their place in the updated industrial strategy, which included appropriate financial support and measures to help SMEs and start-ups participate in the twin green and digital transition.

She closed the discussion, thanking Ms VESTAGER, Mr DOMBROVSKIS and Mr BRETON for their presentations.

Following these presentations, the Commission approved the Communication in COM(2021) 350/3 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, together with the staff working documents distributed as SWD(2021) 351/3, SWD(2021) 352/2 and SWD(2021) 353/3, the contents of which were noted.

9. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON FOREIGN SUBSIDIES DISTORTING THE SINGLE MARKET

(COM(2021) 223 TO /3; SWD(2021) 99; SWD(2021) 100; SEC(2021) 182; RCC(2021) 109)

The PRESIDENT invited Ms VESTAGER and Mr BRETON to present the proposal for a regulation on foreign subsidies distorting the single market, a new instrument to address the possible distortive effects of foreign government subsidies in the single market, following on from the publication of the White Paper on the subject in June 2020. In her view, it would have been quite difficult to adopt such a proposal only a few years ago.

Ms VESTAGER noted first of all that this proposal put the EU’s industrial strategy into practice by creating conditions for a fair and competitive single market, in which all companies competed on merit.

She then noted that the EU was a superpower in terms of trade and investment. In 2019, the stock of foreign direct investment in the EU had amounted to more than EUR 7 000 billion, a quarter of total foreign direct investment worldwide. While the EU had equipped itself with an effective tool to control subsidies granted by Member States, it did not today have instruments to act when subsidies distorting competition came from third-country governments. It was therefore justified in seeking to fill this regulatory gap.

Thus, the proposal sought to address the distortive effects on competition that foreign subsidies could have within the single market by undermining the level playing field. It drew on the ideas set out in the White Paper, which had received broad support from stakeholders, including Member States.

Ms VESTAGER stressed the importance of designing a balanced instrument that would be effective in practice but also not excessively restrictive from the perspective of the companies and the authorities applying it. She added that that instrument needed to also enable the EU to comply with its international obligations and not to expose itself to allegations of discrimination on the grounds that it penalised foreign subsidies less heavily than subsidies granted by Member States.

She also pointed out that the very comprehensive tool proposed by the Commission covered all market situations. It provided for ex-ante control on the basis of prior notification for large mergers and large-scale procurement procedures, which were defined as such on the basis of fixed thresholds. It also contained a safety net in the form of an *ex officio* review by the Commission for any other market situation. Finally, if it appeared that there would be an advantage in subjecting a concentration or bid below the thresholds to an ex-ante review, for example because it affected strategic assets, the Commission could request an ad hoc notification from the undertakings concerned.

Ms VESTAGER noted that, with this new instrument, the Commission would have real powers of investigation, including through on-site inspections, and that it would be able to apply remedial measures and accept behavioural or structural commitments in the event of an established distortion.

She concluded her presentation by stating that this proposal would be a game-changer, strengthening the legitimacy of State aid control while acting as a powerful deterrent and encouraging fair competition.

Mr BRETON confirmed that the proposal for a regulation on foreign subsidies distorting the single market was a key element of the industrial strategy, the update of which had just been presented to the College. It was delivering on two promises. On the one hand, it created a level playing field for European companies competing with subsidised foreign players and, on the other hand, it enhanced the resilience of the single market.

He added that this proposal complemented the mechanisms for screening foreign direct investment in line with the security criteria that the EU had already put in place.

He stressed that if unfair subsidies from third countries allowed tenderers to win contracts, EU companies would suffer the consequences. He wished to emphasise that the proposed regulation was not a 'Buy European Act' because closing markets to competition from third countries was not a solution. However, companies from third countries that received unfair subsidies should not be able to secure public contracts paid for with European taxpayers' money.

Mr BRETON concluded by welcoming the fact that small and medium-sized enterprises would now, thanks to this proposal, be able to participate in public tenders.

The PRESIDENT wound up the debate by thanking Ms VESTAGER and Mr BRETON for their explanations.

Following these presentations, the Commission adopted the proposal for a Regulation in COM(2021) 223/3 for transmission to the European Parliament, the Council, the European Economic and Social Committee and the national parliaments, and, for information, to the European Data Protection Supervisor, together with the impact assessment, the summary thereof and the opinion of the Regulatory Scrutiny Board in SWD(2021) 99, SWD(2021) 100 and SEC(2021) 182, the contents of which were noted.

10. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE, AND THE COMMITTEE OF THE REGIONS – EU STRATEGY ON COVID-19 THERAPEUTICS (COM(2021) 355 AND /2; RCC(2021) 110)

The PRESIDENT invited Mr SCHINAS and Ms KYRIAKIDES to present the EU strategy on COVID-19 therapeutics, submitted to the College for approval that day.

Mr SCHINAS explained that, after fighting hard for more than one year to enable vaccine development and supply, and now that the vaccination campaign was progressing well in the EU, the Commission wanted to focus on the parallel task of developing COVID-19 therapeutics, given that SARS-CoV-2 would not be eradicated overnight. He felt it was important to address the therapeutic dimension of managing the health crisis in order to ensure, as far as possible, that anyone who was infected in the future did not need to be hospitalised and recovered more quickly, and in order to treat patients suffering from long-term symptoms weeks or months after they contracted the virus. The therapeutic dimension would thus complement the vaccine strategy, which was the preventive arm of the EU's COVID-19 pandemic response strategy.

For a year now, researchers had been attempting to adapt known treatments for other diseases, particularly malaria and AIDS, in order to develop effective COVID-19 treatments. As things stood, only one of those medicines had been authorised by the European Medicines Agency. Many projects were currently ongoing, exploring new avenues such as antivirals and neutralising antibodies, thanks to funding under the Horizon Europe research programme in particular. However, these efforts were fragmented and a common framework for developing and supplying targeted COVID-19 treatments was still lacking.

Furthermore, the strategy proposed that day drew on the experience gained from the vaccine strategy to put forward a coordinated European approach. In order to do so, it followed the lifecycle of a treatment - from research to supply and international cooperation, and covering clinical trials, identification of candidate treatments, the regulatory assessment and authorisation process, funding capacity and public procurement, with the aim of speeding up all of these steps.

Mr SCHINAS said that this strategy set specific objectives, notably to establish a portfolio of ten potential COVID-19 therapeutics, to select from those ten the five most promising treatments by June, and to ensure that three new treatments would be available by October, if possible with a further two being made available by the end of 2021.

Ms KYRIAKIDES referred in particular to an overlooked aspect of the fight against COVID-19, namely cases of long COVID. Data now showed that 25% of those infected with COVID-19 suffered from long COVID and continued to have symptoms for four to eight weeks after they were infected, while 10% were still experiencing symptoms after 12 weeks. Since the virus could become endemic, it was vital to attempt to reduce the number of cases of long COVID through the use of appropriate treatments; these would also be useful for people who might contract the virus despite having been vaccinated.

Generally speaking, the new proposed strategy adopted the same approach that had proven successful for the vaccine strategy, and set out to identify potential treatments and determine which of them were the most promising. It was therefore proposed to establish a therapeutics innovation booster platform which could help move these promising therapeutics rapidly through the research, clinical trial and manufacturing phases, until they could be used on patients. Currently, 57 therapeutics were at the development stage, some of which were based on innovative technology, and the five most promising among them, which included monoclonal antibodies and antivirals, would be selected in June.

On the regulatory side, the European Medicines Agency was due to launch seven rolling reviews by the end of 2021 and authorise at least three new therapeutics.

She acknowledged, however, that once the complex research and clinical trial phases were over, difficulties could arise due to production capacity bottlenecks, as had happened with vaccines. That was why the strategy proposed to allocate

EUR 40 million to ensure that reserved, flexible and ‘ever-warm’ manufacturing capacity was kept available, so that treatments could be produced as soon as they were authorised.

Lastly, Ms KYRIAKIDES referred to the issue of EU-level procurement of these therapeutics. She reminded the College that, since the beginning of the pandemic, the Commission had used joint procurement to purchase 19 medicines needed to treat COVID-19. She highlighted the Commission’s intention to conclude at least three more joint procurement contracts and to explore the possibility of adding advance purchase agreements to those contracts.

She also highlighted another key aspect of that day’s strategy, namely global cooperation, noting that the EU would step up its support for the ACT-Accelerator and its cooperation with lower- and middle-income third countries to ensure they had equitable and timely access to safe and affordable treatments.

Looking further ahead, she noted that all the activities that had just been described would be carried out by the future European Health Preparedness and Response Authority (HERA), which was expected to be operational by the end of 2021.

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

– the clarity of the strategy’s overall objective and the joined-up approach to the different stages that promising COVID-19 treatments would go through, from research to their being made available to patients;

– the merits of having drawn on the experience gained from the EU vaccines strategy in the new strategy in order to make better use of investment in research and innovation;

– a comment to the effect that the first calls for projects to develop therapeutics had been launched in January 2020, to which the Horizon 2020 programme had allocated EUR 129 million in funding, and that three projects had currently reached the clinical trial stage;

– the need to cooperate with all stakeholders in the value chain, including national health authorities, in order to achieve the aim set out in the strategy;

– the key role that the therapeutics innovation booster platform would play by mapping projects and targeting the resources that would be allocated to promising methods and technologies.

By way of conclusion, the PRESIDENT welcomed the fact that the joint strategy on COVID-19 therapeutics drew lessons from the EU vaccine strategy and proposed a systemic approach. She thanked Mr SCHINAS and Ms KYRIAKIDES for their excellent work.

Following these presentations, the Commission, on a proposal from the PRESIDENT, confirmed that the communication in COM(2021) 355/2 would be formally adopted by the finalisation written procedure, the deadline for which was set at 10.00 on Thursday 6 May 2021 (PE/2021/3263).

11. OTHER BUSINESS

11.1. PREPARATION OF IMPLEMENTATION OF THE RECOVERY AND RESILIENCE FACILITY – STATE OF PLAY

Mr DOMBROVSKIS briefed the College on the state of play regarding the implementation of the Recovery and Resilience Facility (RRF), in particular the progress made by the Member States in preparing their national plans.

The Commission had officially received 14 RRF national plans from Belgium, Denmark, Germany, Greece, Spain, France, Italy, Latvia, Luxembourg, Austria, Poland, Portugal, Slovenia and Slovakia. The

Commission had also started the final phase of talks with the Member States that had not yet submitted their national plans.

Mr DOMBROVSKIS pointed out that other draft national plans would be sent to the Commission during May by Bulgaria, Czech Republic, Ireland, Croatia, Lithuania, Hungary, Malta and Finland. Other national plans could arrive beyond May, either because they were still at a very early preparatory stage or because the governments concerned wished to present them later. This was the case with Estonia, the Netherlands, Romania and Sweden.

Political outreach would continue both with the Member States which had not yet submitted their projects to the Commission and with those whose officially submitted plans had deficiencies.

Clearly, the next period would be sensitive and would require considerable care with regard to communication. Firstly, the Commission would need to ensure that its messages were consistent and to stress that the Member States would receive equal treatment. Secondly, it would have to reserve its opinion on the national plans until the end of the assessment period. Thirdly, it might be necessary to ask certain Member States for additional information or changes to plans if they were incomplete, which could cause some political tensions.

He and Mr GENTILONI would also attend the first recovery and resilience dialogue with the European Parliament on 10 May; this would be an important opportunity to update Parliament and to honour the Commission's commitment to closely involve Parliament during RRF implementation.

In terms of the next steps, Mr DOMBROVSKIS pointed out that once a draft national plan arrived, the Commission checked that it contained all the necessary information. If that was the case, the two-month assessment period available to the Commission began. If not, the Commission services agreed an extension with the Member States, as was likely for Poland and Slovenia, who had requested one.

The two-month assessment period available to the Commission to analyse the national plans was already very tight and could not be shortened any further, contrary to what some Member States seemed to be pressing for in this regard. He stressed the importance of ensuring that the proposed Council implementing decisions, which the Commission would adopt following its assessment and send to the Council, were sound.

The College expected to adopt the first proposals for Council implementing decisions in batches during the second half of June. The College would hold regular discussions on these batches of national plans.

Mr DOMBROVSKIS concluded his presentation by announcing that the next meeting of the RRF Steering Board would take place on 12 May. This would be an opportunity to discuss the overall state of play, priorities for political outreach and the next steps. Financing operations could also feature on the agenda.

The PRESIDENT returned to the operational aspects of the next steps in the review process of the draft national recovery and resilience plans. The two-month period available to the Commission should allow it not only to analyse the plans in question but also to translate its assessments into proposals for Council implementing decisions. She confirmed that this stage could not be shortened in view of the significant workload.

She then drew attention to the need to ensure that the NextGenerationEU recovery plan was clearly presented as a European strategy, not a national one. She therefore recommended joint communication operations between the leaders of the EU institutions and Heads of State or Government once the national plans had received final approval from the Council.

The proposals for Council implementing decisions would be submitted to the College for approval between 18 and 27 June. Two options were then possible: the organisation of daily College meetings during that period, or the adoption of decisions by written procedure. She proposed the second option to the College.

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

– support for the PRESIDENT's proposal to submit the proposals for Council implementing decisions on the national recovery and resilience plans for approval by the College by written procedures; the appropriateness of this option, which was considered to be reasonable in view of the existing constraints;

– hence, it was desirable for the cabinets of the Members of the Commission to be involved in preparing the related proposals for decisions, to be adopted by the Commission in June, and for the Commission services to prepare fiches to this end for each national plan, so that the College could exercise its political judgement;

– a reminder that a written procedure could be suspended if a commissioner did not approve the content of a proposal for an implementing decision, and that the College could hold an ongoing political discussion on that proposal;

– the need to observe a high degree of discipline with regard to communication on the national plans until the Commission had officially issued its assessments;

– once these assessments had been delivered, the suggestion to launch a general communication on the real added value of a European approach to recovery; in addition, an invitation to all the Members of the Commission to disseminate as widely as possible the message that the aim of the Recovery and Resilience Facility was to encourage reforms and investments conducive to the twin green and digital transition, and to increase the EU's resilience in the event of future shocks;

– a reference to the work still to be done at this stage to ensure not just that the national plans of the remaining 13 Member States were submitted to the Commission, but also that ratification of the decision on EU own resources, under way in some national parliaments, was completed, this being a prerequisite for the implementation of NextGenerationEU;

– the fact that one Member State parliament had only just ratified the decision on EU own resources.

The PRESIDENT noted the College's agreement on the timetable for the adoption by the Commission of future Council implementing decisions on the national recovery and resilience plans, and on the use of the written procedure to this end.

She hoped that the decision on EU own resources would be ratified by the last national parliament by the end of May. This would allow the Commission to borrow on behalf of the Member States on the capital markets to finance reforms and investments under NextGenerationEU as soon as possible after the final approval of the national plans by the Council.

In any case, she called for the utmost discretion during the two months the Commission had to analyse the national plans and prepare its proposals for Council implementing decisions. The Council would then have four weeks to adopt these decisions, which could be reduced to two weeks. A signing ceremony would be organised two weeks later.

The PRESIDENT said that once this procedure had been completed, numerous reform and investment projects would thrive in every corner of the

EU, demonstrating the successful completion of a major European joint enterprise. She hoped that all the Members of the Commission would then help to publicise it.

The Commission took note of this information.

11.2. INFORMAL MEETING OF THE HEADS OF STATE OR GOVERNMENT (PORTO, 7 AND 8 MAY 2021)

The PRESIDENT referred to the informal meeting of EU Heads of State or Government to be held on 7 and 8 May in Porto, Portugal.

She explained that the Social Summit would take place on 7 May, three and a half years after the proclamation of the European Pillar of Social Rights at the Gothenburg Summit. It would be a high-level conference bringing together the Member States, the EU institutions, the social partners and civil society. Its aim would be to draw up a European social policy agenda for the next decade, based on the European Pillar of Social Rights Action Plan initially proposed by the Commission. She was confident that these discussions would produce a positive outcome.

Following this conference, on 8 May the Heads of State or Government would hold a debate on the implementation of the European Pillar of Social Rights at EU and Member State level. At a time when the EU was beginning to curb the pandemic and was embarking on recovery, the priority would be to move from job protection to job creation, and improve job quality. The leaders would also discuss how to support young Europeans. This age group had suffered the negative effects of the COVID-19 crisis, which had disrupted their education and training and also their participation in the labour market.

The European leaders would also consider the consequences of the COVID-19 pandemic. The PRESIDENT said that by the end of the week, the EU would have received 200 million vaccine doses and exported 180 million to 90 third countries. She was proud of this result, which showed that despite the supply difficulties in the first quarter, the EU remained open to the rest of the world and to its partners. 150 million doses had so far been administered to European citizens. She invited the Members of the Commission to relay this positive information.

Lastly, she referred to the upcoming videoconference meeting of EU leaders on 8 May, also at the Porto meeting, with the Indian Prime Minister, Narendra Modi. She noted that India, traditionally a protectionist economy, was today turning more towards the EU, that it intended to resume negotiations on a free trade agreement that had been dormant since 2016, and that it was seeking agreements with the EU on investment protection and geographical indications. She referred to the strengths of the Indian economy and the EU's interest in strengthening its trade links and technological cooperation with this important country.

In conclusion, the PRESIDENT announced that she would report to the College on the outcome of this informal summit the following week.

The Commission took note of this information.

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The meeting closed at 11.18.