EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2023) 2462 final

- English translation of the French version which is authentic -

Brussels, 6 September 2023

TEXTE EN

MINUTES

of the 2462nd meeting of the Commission

held in Brussels

(Berlaymont)

on Wednesday 28 June 2023

(morning)

PV(2023) 2462 final

- *English translation of the French version which is authentic -*

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<u>Single sitting</u>: Wednesday 28 June 2023 (morning)

The sitting opened at 9.08 with Ms von der LEYEN, President, in the chair.

<u>Present</u>:

Ms von der LEYEN	President	
Mr TIMMERMANS	Executive Vice-President	
Ms VESTAGER	Executive Vice-President	
Mr DOMBROVSKIS	Executive Vice-President	
Mr BORRELL i FONTELLES	High Representative / Vice-President	Items 8 to 17 (in part)
Mr ŠEFČOVIČ	Vice-President	Items 8 (in part) to 17 (in part)
Ms JOUROVÁ	Vice-President	
Ms ŠUICA	Vice-President	
Mr SCHINAS	Vice-President	
Mr HAHN	Member	Items 8 (in part) to 17
Mr SCHMIT	Member	
Mr GENTILONI	Member	
Mr WOJCIECHOWSKI	Member	
Mr BRETON	Member	
Ms FERREIRA	Member	
Mr REYNDERS	Member	
Mr LENARČIČ	Member	
Mr VÁRHELYI	Member	
Ms URPILAINEN	Member	
Ms SIMSON	Member	
Mr SINKEVIČIUS	Member	
Ms McGUINNESS	Member	

Absent:

Ms KYRIAKIDES	Member
Ms DALLI	Member
Ms JOHANSSON	Member
Ms VĂLEAN	Member

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

Mr ROSSIDES	Head of Cabinet to Ms KYRIAKIDES
Ms GERHARDS	Deputy Head of Cabinet to Ms DALLI
Ms SMIT	Member of Ms VĂLEAN's cabinet

The following also sat in:

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 cabinet	
Mr VAN KEMSEKE	Adviser in the PRESIDENT's cabinet	Item 9
Ms MICELI	A member of the PRESIDENT's cabinet	Items 10 to 16
Mr THYGESEN	Chair of the European Fiscal Board	Item 8
Mr LARCH	Secretariat-General	Item 8
Ms SPINANT	Deputy Chief Spokesperson of the Commission	
Mr MUELLER	Spokesperson's Service	
Ms ALLOUIS-LE LOSTEC	Head of Unit in the Secretariat-General	
Mr CHARLES	Secretariat-General	

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

1. AGENDAS
(OJ(2023) 2462/FINAL; SEC(2023) 2462/FINAL)

The Commission took note of that day's agenda and of the tentative agendas for forthcoming meetings.

2. WEEKLY MEETING OF HEADS OF CABINET
(RCC(2023) 2462)

The Commission considered the Secretary-General's report on the weekly meeting of Heads of Cabinet held on Monday 26 June 2023.

3. APPROVAL OF THE MINUTES
(PV(2023) 2457; PV(2023) 2457, PART II; PV(2023) 2458; PV(2023) 2458, PART II)

The Commission approved the minutes of its 2457th and 2458th meetings of 24 and 31 May 2023, and held over approval of the minutes of its 2459th, 2460th and 2461st meetings of 7, 13 and 20 June 2023 for a later date.

4. INTERINSTITUTIONAL RELATIONS
(RCC(2023) 129)

The Commission took note of the record of the meeting of the Interinstitutional Relations Group (IRG) held by videoconference on Friday 23 June 2023 (RCC(2023) 129).

The Commission approved the lines proposed for the following points:

– **Amendment of Directives 2005/29/EC and 2011/83/EU as regards empowering consumers for the green transition through better protection**

against unfair practices and better information (Directive) – BORZAN report – 2022/0092 (COD)

Line set out in SI(2023) 247.

- **Digitalisation of judicial cooperation and access to justice in cross-border civil, commercial and criminal matters, and amendment of certain acts in the field of judicial cooperation (Regulation) – RADEV & KALJURAND report – 2021/0394 (COD)**

  Line set out in SI(2023) 248.

- **Automated data exchange for police cooperation ('Prüm II'), amendment of Council Decisions 2008/615/JHA and 2008/616/JHA and Regulations (EU) 2018/1726, 2019/817 and 2019/818 of the European Parliament and of the Council (Regulation) – RANGEL report – 2021/0410 (COD)**

  Line set out in SI(2023) 249.

- **Banking package:**

  - **Amendment of Regulation (EU) Nº 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor (Regulation) – FERNÁNDEZ report – 2021/0342 (COD)**

  - **Amendment of Directive 2013/36/EU as regards supervisory powers, sanctions, third-country branches, and environmental, social and governance risks, and amendment of Directive 2014/59/EU (Directive) – FERNÁNDEZ report – 2021/0341 (COD)**

    Line set out in SI(2023) 250.

- **European single access point:**

- **Establishment of a European single access point providing centralised access to publicly available information of relevance to financial services, capital markets and sustainability (Regulation) – SILVA PEREIRA report – 2021/0378 (COD)**

- **Amendment of certain Directives as regards the establishment and functioning of the European single access point (Directive) – SILVA PEREIRA report – 2021/0379 (COD)**

- **Amendment of certain Regulations as regards the establishment and functioning of the European single access point (Regulation) – SILVA PEREIRA report – 2021/0380 (COD)**

  Line set out in SI(2023) 252.

– **Protection of workers from the risks related to exposure to asbestos at work (Directive) – TRILLET-LENOIR report – 2022/0298 (COD)**

Line set out in SI(2023) 253.

– **Establishment of the European Defence Industry Reinforcement through Common Procurement Act (Regulation) – KRASNODĘBSKI report – 2022/0219 (COD)**

Line set out in SI(2023) 259.

– **Establishment of the Act in Support of Ammunition Production (Regulation) – 2023/0140 (COD)**

Line set out in SI(2023) 255.

– **Creation of the Authority for anti-money laundering and countering the financing of terrorism and amendment of Regulations (EU) Nº 1093/2010, (EU) Nº 1094/2010 and (EU) Nº 1095/2010 (Regulation) – RADEV & POPTCHEVA report – 2021/0240 (COD)**

Line set out in SI(2023) 264.

– **Joining the global digital health certification network established by the World Health Organization and temporary arrangements to facilitate international travel in view of the expiry of Regulation (EU) 2021/953 of the European Parliament and of the Council (Council Recommendation)**

Line set out in SI(2023) 256.

– **'Fit for 55' – Amendment of Directive (EU) 2018/2001 of the European Parliament and of the Council, Regulation (EU) 2018/1999 of the European Parliament and of the Council and Directive 98/70/EC of the European Parliament and of the Council as regards the promotion of energy from renewable sources, and repeal of Council Directive (EU) 2015/652 (Directive) – PIEPER report – 2021/0218 (COD)**

Line set out in SI(2023) 258.

– **Amendment of Regulation (EU) 2022/109 of 27 January 2022 fixing for 2022 the fishing opportunities for certain fish stocks and groups of fish stocks applicable in Union waters and for Union fishing vessels in certain non-Union waters, and Regulation (EU) 2023/194 of 30 January 2023 fixing for 2023 the fishing opportunities for certain fish stocks, applicable in Union waters, for Union fishing vessels, in certain non-Union waters, as well as fixing for 2023 and 2024 such fishing opportunities for certain deep-sea fish stocks (Council Regulation) – 2023/0168 (NLE)**

Line set out in SI(2023) 260.

The Commission approved the line proposed for the following point, for transmission to the European Parliament:

– **Commission replies to the non-legislative resolutions adopted by the European Parliament at its April and May I 2023 part-sessions**

Line set out in SP(2023) 328/4.

The Commission took note of the following points:

– **Establishment of a framework for ensuring a secure and sustainable supply of critical raw materials and amendment of Regulations (EU) 168/2013, (EU) 2018/858, (EU) 2018/1724 and (EU) 2019/1020 (Regulation) – BEER report – 2023/0079 (COD)**

  Line set out in SI(2023) 244/3.

– **Laying-down of harmonised conditions for the marketing of construction products, amendment of Regulation (EU) 2019/1020 and repeal of Regulation (EU) 305/2011 (Regulation) – DOLESCHAL report – 2022/0094 (COD)**

  Line set out in SI(2023) 245.

– **Amendment of Regulation (EC) No 1272/2008 of the European Parliament and of the Council on classification, labelling and packaging of substances and mixtures (Regulation) – SPYRAKI report – 2022/0432 (COD)**

  Line set out in SI(2023) 257.

5. COORDINATION OF EXTERNAL ACTION (RCC(2023) 26)

The Commission took note of the operational conclusions in RCC(2023) 26 of the meeting of the Group for External Coordination (EXCO) held on Wednesday 21 June 2023.

6. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

6.1. WRITTEN PROCEDURES APPROVED (SEC(2023) 225 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 19 and 25 June 2023.

6.2. EMPOWERMENT (SEC(2023) 226 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 19 and 25 June 2023.

6.3. DELEGATION / SUBDELEGATION OF POWERS (SEC(2023) 227 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedures between 19 and 25 June 2023 archived in D*e*cide.

6.4. SIGNIFICANT WRITTEN PROCEDURES (SEC(2023) 228 AND /2)

The Commission took note of the significant written procedures for which the time limit expired between 26 and 30 June 2023.

6.5. GENERAL EMPOWERMENT – COMMISSION DECISION GRANTING AN EMPOWERMENT RELATING TO THE ADOPTION OF CERTAIN DECISIONS UNDER REGULATION (EU) 2017/2403 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON THE SUSTAINABLE MANAGEMENT OF EXTERNAL FISHING FLEETS (C(2023) 4351)

The Commission decided to empower the Member of the Commission with responsibility for maritime affairs and fisheries to adopt, on behalf of the Commission and under its responsibility, subject to the conditions laid down in Articles 2 to 5 of the Decision, certain decisions under Regulation (EU) 2017/2403 of the European Parliament and of the Council on the sustainable management of external fishing fleets.

The Commission adopted the Decision in C(2023) 4351.

6.6. DELEGATION OF POWERS – COMMISSION DECISION GRANTING A DELEGATION OF POWERS RELATING TO THE ADOPTION OF CERTAIN DECISIONS UNDER REGULATION (EU) 2017/2403 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON THE SUSTAINABLE MANAGEMENT OF EXTERNAL FISHING FLEETS (C(2023) 4350)

The Commission decided to empower the Director-General of the Directorate-General responsible for maritime affairs and fisheries to adopt, on behalf of the Commission and under its responsibility, subject to the conditions laid down in Articles 2 to 5 of the Decision, certain decisions under Regulation (EU) 2017/2403 of the European Parliament and of the Council on the sustainable management of external fishing fleets.

The Commission adopted the Decision in C(2023) 4350.

7. ADMINISTRATIVE AND BUDGETARY MATTERS (SEC(2023) 229)

ADMINISTRATIVE MATTERS
(PERS(2023) 63)

7.1. EUROSTAT – APPOINTMENT OF A DIRECTOR AT GRADE AD14/AD15 (PERS(2022) 74 TO /4)

The Commission had before it applications, under Article 29(1)(a)(i) and (iii), Article 29(1)(b) and Article 29(2) of the Staff Regulations, for the post of Director of the 'Standards; Dissemination; Cooperation in the European Statistical System' Directorate in Eurostat (PERS(2022) 74 and /2).

It took note of the opinions of the Consultative Committee on Appointments of 28 April and 1 June 2023 (PERS(2022) 74/3 and /4).

The Commission then examined the applicants' qualifications for the post. On a proposal from Mr HAHN, in agreement with the PRESIDENT, and after consulting Mr GENTILONI, it then decided to appoint Mr Jean-Pierre PONCELET to the post.

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

7.2. *DG HEALTH AND FOOD SAFETY – LIST OF CANDIDATES FOR THE POST OF VICE-PRESIDENT OF THE COMMUNITY PLANT VARIETY OFFICE (CPVO), AT GRADE AD12 (PERS(2023) 64 TO /3)*

On a proposal from Mr HAHN, in agreement with the PRESIDENT, and after consulting Ms KYRIAKIDES, the Commission decided:

– to approve the list, comprising one candidate, set out in point 2 of PERS(2023) 63, for the post of Vice-President of the Community Plant Variety Office (CPVO), in Angers, France, and to consider this list as the Commission proposal;

– to ask Ms KYRIAKIDES, the Member of the Commission responsible, to communicate this decision to the Council.

These decisions would take effect immediately.

7.3. SECRETARIAT-GENERAL / REGULATORY SCRUTINY BOARD – EXTENSION OF THE TERM OF OFFICE OF A MEMBER OF THE REGULATORY SCRUTINY BOARD

On a proposal from Mr HAHN, in agreement with the PRESIDENT and Mr ŠEFČOVIČ, the Commission decided to extend, for one year, the term of office of Ms Dorota DENNING as a Member of the Regulatory Scrutiny Board, and also her contract as a member of the Temporary Staff, under Article 3(4) of the Decision of the PRESIDENT on the Regulatory Scrutiny Board (P(2020) 2).

This decision would take effect on 1 February 2024.

7.4. SECRETARIAT-GENERAL / REGULATORY SCRUTINY BOARD – EXTENSION OF THE TERM OF OFFICE OF A MEMBER OF THE REGULATORY SCRUTINY BOARD

On a proposal from Mr HAHN, in agreement with the PRESIDENT and Mr ŠEFČOVIČ, the Commission decided to extend, for one year, the term of office of Mr Michael GREMMINGER as a Member of the Regulatory Scrutiny Board, under Article 3(4) of the Decision of the PRESIDENT on the Regulatory Scrutiny Board (P(2020) 2).

This decision would take effect on 9 September 2023.

7.5. SECRETARIAT-GENERAL – 2022 ANNUAL REPORT OF THE CORPORATE MANAGEMENT BOARD (SEC(2023) 258)

The Commission took note of the 2022 annual report of the Corporate Management Board in SEC(2023) 258.

8. OTHER BUSINESS

ANNUAL REPORT OF THE EUROPEAN FISCAL BOARD ON THE APPROPRIATE FISCAL STANCE FOR THE EURO AREA IN 2024

The PRESIDENT asked Mr Niels THYGESEN, Chair of the independent European Fiscal Board, to present the assessment of the appropriate fiscal stance for the euro area in 2024.

Mr THYGESEN thanked the PRESIDENT for inviting him to present to the College the Board's annual report, which highlighted four key messages.

First, with regard to projected macroeconomic developments in 2024, solid economic growth was expected in the euro area, accompanied by remarkably low unemployment rates. The European economy had shown impressive resilience when faced with successive crises, in particular the COVID-19 pandemic and the surge in energy prices. Nevertheless, inflation in the EU remained high and second-round effects might be felt. Gross domestic product (GDP) growth was projected to be close to 1.5% in real terms in 2024, while core inflation was expected to remain well above 3%.

Second, 2024 should mark a return to a rules-based European fiscal framework, with the Commission issuing quantitative fiscal recommendations to Member States. Mr THYGESEN pointed out that the broad interpretation of the severe economic downturn clause in the Stability and Growth Pact had led to a de facto suspension of EU fiscal rules for three years. The Commission had announced that from 2024 onwards it would be ready to launch excessive deficit procedures based on actual data for 2023. However, he underlined the potential difficulty of returning to a strict application of the old rules after several years of suspension.

Third, despite the favourable economic outlook, the structural primary deficit in the euro area, i.e. the budget deficit once government debt interest and cyclical effects had been taken into account, was projected to reach 1.5% of GDP in 2023, before falling to 0.7% in 2024. This deficit had, on the whole, remained close to zero since the introduction of the euro in 1999. While the abolition of energy measures in the EU would improve the deficit by 1.25% of GDP, the Commission spring forecast anticipated a lower fiscal improvement of only 0.8% of GDP. This suggested that some Member States intended to offset the abolished measures with new expenditure. Furthermore, the Commission’s Country Specific Recommendations involved a restrictive fiscal impulse of 0.5% of GDP for the euro area as a whole. That represented less than half of the potential deficit reduction that could be achieved by completely abolishing energy measures.

Given this, Mr THYGESEN said that the European Fiscal Board recommended reducing discretionary fiscal support in the euro area faster than the decrease envisaged in the spring forecast, so even faster than the 0.5% of GDP reduction recommended by the Commission. This would allow Member States to build up fiscal buffers in a favourable economic environment, thus making it possible to cope with expected shocks and costs such as those linked to an ageing population. It would also help slow down the increase in interest rates in order to reach the European Central Bank (ECB) inflation rate target of 2%.

He ended by welcoming the significant progress made by the EU in managing economic crises since 1973, stressing in particular the increasingly effective coordination between Member States following the latest shocks. However, he pointed out that challenges remained, in particular owing to the significant differences in the fiscal policies of the various Member States. He therefore called for greater efforts to bolster the sustainability of public finances and promote better coordination of fiscal strategies within the EU.

The PRESIDENT noted that labour market tension was now a structural feature of the European economy. Faced with a growing shortage of skilled labour, exacerbated by demographic trends such as an ageing population, the EU should make this issue a priority. She underlined the importance of an approach aimed at mobilising the full potential of the labour force in the EU and attracting more talent through legal migration.

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

– the quality of the EFB report and the pragmatic analysis of the situation by Mr THYGESEN, which confirmed the gradual return to economic normality in the euro area and the EU as a whole;

– the resilience of European economies when faced with soaring energy prices as a result of national measures underpinned by the Recovery and Resilience Facility and by REPowerEU;

– the stability of financial markets and the absence of significant fiscal divergence between Member States, in particular because of a high level of public investment powered by NextGenerationEU, the expected significant improvement in the aggregate deficit of the EU, and the positive deleveraging path;

– the significant uncertainty, nevertheless, regarding the EU's economic outlook and the existence of risks arising from the current period of technical recession, the persistent high inflation and Russia's continued war of aggression against Ukraine;

– the likely scenarios of lower-than-expected economic growth and higher interest rates, which would make it more difficult to reduce deficits and debt ratios;

– the need, in this context, for an in-depth reflection on the appropriate fiscal strategy, taking into account the monetary policy implemented by the ECB and the challenges of debt sustainability;

– fiscal contraction, mainly because of the phasing-out of energy measures, which was less serious than expected, however, given the time lag between the abolition of these measures and the effect on the overall level of prices, and the introduction of subsidies or tax reductions in some Member States;

- the alignment of the Commission’s fiscal recommendations to Member States with those of the Fiscal Board, consisting of a restrictive fiscal impulse accompanied by redistribution measures to alleviate pressures on vulnerable households and firms;

- the need also for better targeting of energy support measures to make them less costly, and the importance of urging countries, especially the highly-indebted ones, to use savings to reduce deficits;

- the excessively restrictive nature, however, of a fiscal adjustment in addition to the abolition of energy support measures;

- for some, the importance of a cautious approach in the Commission’s guidelines for 2024 pending a political agreement on the new fiscal rules and in view of the upcoming European elections;

- for others, the need to provide forward-looking guidance to Member States on the fiscal approach that the Commission would pursue in the context of the European Semester in spring 2024;

- the call for a swift agreement on the reform of the economic governance framework to ensure better fiscal policy coordination in future.

Mr THYGESEN welcomed the Commission’s forward-looking approach, which would allow Member States to adjust gradually to the new rules in time for the implementation of the 2024 European Semester. He reiterated the European Fiscal Board’s recommendation that fiscal support should be reduced by at least 0.8% of GDP, and endorsed the importance of a swift agreement on the reform of the EU’s economic governance framework.

The PRESIDENT thanked Mr THYGESEN warmly for his analysis and presentation.

The Commission took note of this information.

9. JOINT COMMUNICATION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL – A NEW OUTLOOK ON THE CLIMATE AND SECURITY NEXUS – ADDRESSING THE IMPACT OF CLIMATE CHANGE AND ENVIRONMENTAL DEGRADATION ON PEACE, SECURITY AND DEFENCE
(JOIN(2023) 19 TO /3; RCC(2023) 133)

Mr TIMMERMANS presented to the College the Communication, drawn up jointly with Mr BORRELL, setting out a new approach to the climate and security nexus. He pointed out that it provided insights into the impact of climate change and environmental degradation on peace, security and defence.

Recurring extreme weather events, rising temperatures and sea levels, desertification, water shortages, threats to biodiversity, pollution and contamination of the environment were threatening human health and well-being. These phenomena also increasingly contributed to population displacement, migration, pandemics, social unrest, instability and even conflict.

Mr TIMMERMANS also referred to the growing involvement of the scientific community in discussions on the climate and security nexus, which was now clearly established on the basis of increasingly recurring examples, particularly, but not only, in developing countries. Given the wide-ranging implications of the climate crisis for the security of the EU, he underlined the importance of incorporating the climate and security nexus into all EU policies.

The United States had made climate change a priority concern for national security and, two weeks earlier, the UN Security Council had held its seventh debate on the issue in two years. As far as the EU was concerned, a great deal had already been done in the area of defence, development aid and crisis response. However, there was now a need for a coherent and holistic approach to the link between climate change and environmental degradation on the one hand and peace, security and defence on the other.

Mr TIMMERMANS considered this Joint Communication to be a first step in this direction, as it would establish a point of reference and open up new perspectives. This would enable the EU to adapt to these new realities and, as far as possible, to prevent the effects of the climate crisis and environmental degradation on security.

Mr BORRELL said that climate change was not only an additional global challenge but also an existential crisis that already affected tens of millions of people in many parts of the southern hemisphere, endangering their lives and livelihoods.

He pointed out that the northern hemisphere was also affected, particularly the Arctic, where temperatures were increasing three to four times faster than the global average. As a result, the Arctic was becoming a new shifting geopolitical frontier with growing interest from global players attracted by the resources now available as well as new sea routes. In this context, it was important to ensure that this growing interest in the Arctic took due account of international rules and regional frameworks, as well as of the interest of local populations.

Mr BORRELL pointed out that the EU had become aware of the impact of climate change on security at a very early stage. In 2008, the then High Representative for the Common Foreign and Security Policy (CFSP), Mr Javier SOLANA, had drawn up a report concluding that climate change multiplied the threats to international security. Mr BORRELL noted that, 15 years later, the situation had only worsened. He therefore stressed the need for a major shift in how the EU dealt with the consequences of climate change.

In this regard, he called for three policy areas to be prioritised, namely: (i) preparing the EU for the direct and indirect consequences of climate change for security, as it would lead to more instability and conflict in fragile countries but also more geopolitical competition for access to resources and technologies needed for energy transition; (ii) investing more in new cleaner defence capabilities, while better adapting to new conflict scenarios, without undermining operational effectiveness; and (iii) investing in partnerships with NATO and the UN Security Council.

Mr BORRELL concluded that this Joint Communication should be seen as the starting point, not the end, of a process. It would create links between different work strands, based on close cooperation between the Commission services and the European External Action Service (EEAS).

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

– the College's support for this Joint Communication, which linked the EU's geopolitical role to the objectives of the European Green Deal;

– the need to work together with the EU's international partners to prevent conflicts and crises related to climate change and environmental degradation;

– the importance of the EU playing a full role in protecting the Arctic and managing its natural resources;

– the particular attention to be paid to protecting oceans which were particularly affected by climate change, pollution and the overexploitation of resources;

– the priority to be given to water resources management and access to water in a context of recurrent droughts in several Member States and growing international tensions over access to an indispensable resource;

– the relevance of the Global Gateway Strategy to promote the EU's climate approach and objectives at international level and in close cooperation with its partners;

– the advisability of following the approach set out in the Joint Communication at the next summit between the EU and the Community of Latin American and Caribbean States (CELAC) on 17 and 18 July;

– the need to also take into account the impact of climate change on demography, population movements and resource sharing;

– in this context, the case made by some participants for defining an EU food security strategy.

Following these presentations, the Commission approved the Joint Communication in JOIN(2023) 19/3 for transmission to the European Parliament and the Council and, for information, to the national parliaments.

10. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON A FRAMEWORK FOR FINANCIAL DATA ACCESS AND AMENDING REGULATIONS (EU) N° 1093/2010, (EU) N° 1094/2010, (EU) N° 1095/2010 AND (EU) 2022/2554
(COM(2023) 360 AND /2; SWD(2023) 224; SWD(2023) 230; SEC(2023) 255; RCC(2023) 135)

11. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON PAYMENT SERVICES IN THE INTERNAL MARKET AND AMENDING REGULATION (EU) N° 1093/2010
(COM(2023) 367 AND /2; SWD(2023) 231; SWD(2023) 232; SEC(2023) 256; RCC(2023) 135)

12. PROPOSAL FOR A DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON PAYMENT SERVICES AND ELECTRONIC MONEY SERVICES IN THE INTERNAL MARKET AMENDING DIRECTIVE 98/26/EC AND REPEALING DIRECTIVES 2015/2366/EU AND 2009/110/EC
(COM(2023) 366 AND /2; SWD(2023) 231; SWD(2023) 232; SEC(2023) 256; RCC(2023) 135)

13. REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN CENTRAL BANK AND THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE ON THE REVIEW OF DIRECTIVE 2015/2366/EU OF THE EUROPEAN PARLIAMENT AND

OF THE COUNCIL ON PAYMENT SERVICES IN THE INTERNAL MARKET
(COM(2023) 365 AND /2; RCC(2023) 135)

Mr DOMBROVSKIS presented to the College the package of proposed measures aimed at modernising payment services and maximising the opportunities afforded by data in the financial sector. In particular, these measures would offer consumers the opportunity to share their data securely and thus benefit from more diverse, better quality and cheaper financial products and services.

He explained that the proposal on access to financial data put in place a European financial data space in line with the undertaking made as part of the digital finance strategy. He highlighted how financial services customers currently had limited control over access to, and sharing of, their data beyond payment accounts, and how consumers were concerned about whether the risks were being addressed properly. In this context, the proposal sought to lay down clear rights and obligations on sharing financial sector customer data beyond payment accounts. This approach would benefit both individual consumers and small and medium-sized enterprises (SMEs) by offering them increased access to a wide range of financial products and services.

He noted that it was essential that financial data sharing was subject to the prior consent of customers. He also stressed the importance of striking a balance between promoting innovation and protecting customers when expanding access to data. This meant maintaining high security, safety and ethical standards, while fully respecting the right to privacy and the EU's rules on data and consumer protection. Accordingly, the proposal laid down requirements for both companies wishing to use these data to provide innovative services and financial institutions collecting, storing and processing customer data.

As regards the two legislative proposals amending the rules on retail payment services, Mr DOMBROVSKIS pointed out that, rather than a revolution, these proposals represented the evolution of a system that was already working well. The proposed measures would strengthen consumer protection and ensure the smooth functioning of the EU's payments market in the light of significant technological changes. The aim was also to improve enforcement of the rules throughout the EU and allow non-bank payment service providers to access all the EU's payment systems with the appropriate safeguards in place.

Ms McGUINNESS then noted that the revision of the Payment Services Directive sought to respond to new developments regarding fraud and improve the services offered to consumers and fintech companies. The proposal focused in particular on protecting consumers against payment fraud. It was therefore proposed to make the IBAN/name check service obligatory for all credit transfers, whether instant or not, whatever the currency. The right to a refund would also be extended to consumers who were victims of fraudulent transfers, under certain conditions and subject to appropriate guarantees for banks.

In addition, the proposal required banks to develop education and awareness-raising programmes for their customers on fraud risks. A new legal basis would also be introduced to allow payment service providers to share payment fraud data among themselves on a voluntary basis. Strong customer authentication, which had proven effective in preventing fraud, would also be improved, as would accessibility for people with disabilities, while the scope for abuse of exceptions would be limited.

With regard to opening up the financial sector to new players, Ms McGUINNESS emphasised that the proposal clarified the rules for independent automated teller machine (ATM) operators and allowed retailers who so wished to offer cash withdrawal services without the need for a purchase.

It would also be made easier for fintechs meeting the necessary conditions to participate in payment systems. Lastly, it would be more difficult for banks to reject the requests of non-banks to open a bank account. At the same time, the proposal would tighten the obligations on fintechs, especially as regards governance.

Ms McGUINNESS then pointed out that the Payment Services Directive had initially introduced the concept of 'open banking', which allowed banks to share payment account data with third parties, subject to customer consent. The framework proposed that day on financial data access took this approach forward from 'open banking' to 'open finance', broadening the scope of financial data that could be easily shared and re-used by financial market participants. The proposal would therefore make it easier for consumers to access products and services adapted to their real needs, while also boosting competition in the financial sector by making it easier to switch financial services providers.

She then focused on consumer protection, explaining that the proposal required financial institutions to put in place permission dashboards, so that customers could easily see and control what data they were sharing and with whom. Moreover, certain data – linked to life or health insurance – that could give rise to financial exclusion had not been included in the scope of the proposal. Companies accessing financial data would also be regulated and supervised under licences or a specific status granted for this purpose.

In conclusion, Ms McGUINNESS stressed that the proposal facilitated the sharing and re-use of data, subject to customer consent, by giving clear access rights to data falling within the scope of the proposal. In order to create economic incentives for financial institutions, it was also proposed that these institutions receive 'reasonable compensation' from the recipients of the data, in full compliance with the principles of the Data Act.

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

- the support for the proposed measures, which would bring the financial sector fully into the digital age while at the same time protecting consumers;
- the role of open finance in tackling fraud, and the possibility of collective redress should consumer or data protection rights be violated on a massive scale;

– the possible risks of consumers having their private lives traced through electronic payment operations, and the specific guidance that could be provided by the European Data Protection Board in this regard.

Following these presentations, the Commission:

– adopted the proposal for a Regulation in COM(2023) 360/2 for transmission to the European Parliament, the Council, the European Economic and Social Committee, the European Data Protection Supervisor, the European Data Protection Board and the national parliaments, and, for information, to the European Central Bank, the Committee of the Regions and the missions of Iceland, Liechtenstein and Norway, together with the impact assessment, the summary thereof and the opinion of the Regulatory Scrutiny Board in SWD(2023) 224, SWD(2023) 230 and SEC(2023) 255, the contents of which were noted;

– adopted the proposal for a Regulation in COM(2023) 367/2 for transmission to the European Parliament, the Council, the European Central Bank, the European Economic and Social Committee, the European Data Protection Supervisor and the national parliaments, and, for information, to the Committee of the Regions and the missions of Iceland, Liechtenstein and Norway, together with the impact assessment, the summary thereof and the opinion of the Regulatory Scrutiny Board in SWD(2023) 231, SWD(2023) 232 and SEC(2023) 256, the contents of which were noted;

– adopted the proposal for a Directive in COM(2023) 366/2 for transmission to the European Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions, the European Data Protection Supervisor and the national parliaments, and, for information, to the European Central Bank and the missions of Iceland, Liechtenstein and Norway, together with the impact assessment, the summary thereof and the opinion of the Regulatory Scrutiny Board in SWD(2023) 231, SWD(2023) 232 and SEC(2023) 256, the contents of which were noted;

- adopted the report from the Commission in COM(2023) 365/2 for transmission to the European Parliament, the Council, the European Central Bank and the European Economic and Social Committee, and, for information, to the Committee of the Regions, the national parliaments and the missions of Iceland, Liechtenstein and Norway.

14. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON THE ESTABLISHMENT OF THE DIGITAL EURO
(COM(2023) 369 AND /2; SWD(2023) 233; SWD(2023) 234; SEC(2023) 257; RCC(2023) 136)

15. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON THE LEGAL TENDER OF EURO BANKNOTES AND COINS
(COM(2023) 364 AND /2; SWD(2023) 233; SWD(2023) 234; SEC(2023) 257; RCC(2023) 136)

16. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON THE PROVISION OF DIGITAL EURO SERVICES BY PAYMENT SERVICES PROVIDERS INCORPORATED IN MEMBER STATES WHOSE CURRENCY IS NOT THE EURO AND AMENDING REGULATION (EU) 2021/1230 OF THE EUROPEAN PARLIAMENT AND THE COUNCIL
(COM(2023) 368 AND /2; SWD(2023) 233; SWD(2023) 234; SEC(2023) 257; RCC(2023) 136)

The PRESIDENT introduced the package of proposals on the single currency, which sought to support the use of cash and set out a framework for the digital euro. She pointed out that this issue was of great interest to a range of stakeholders.

Mr DOMBROVSKIS said that the Commission had carried out very extensive stakeholder consultations to prepare this package of proposals. The use of digital payments had increased during the COVID-19 pandemic, as a result of which cash was being used less and less frequently. The proposals being tabled that day sought to make provision for the potential introduction of a new form of public money, the digital euro, which would complement euro banknotes and coins.

He stressed that the proposal for a Regulation on the digital euro did not seek to replace cash. The package of legislation also included a separate proposal for a Regulation on the legal tender of euro banknotes and coins to ensure that they would be widely accepted as a means of payment and remained accessible to people and businesses throughout the euro area. In parallel, the digital euro would also have legal tender status, backed by the European Central Bank (ECB), meaning it would be universally accepted, just like cash, in the 20 countries that had the euro as their currency. Moreover, for the first time, people would be able to use a method of electronic payment that was both online and offline, in that it could be used without an internet connection. Furthermore, basic services relating to the digital euro should be free of charge.

Mr DOMBROVSKIS noted that the proposal addressed people’s concerns regarding safety, security and privacy. Personal data would be fully protected when using the digital euro, as banks, including the ECB, would not be able to trace people’s personal details. Offline payments would offer a similar level of privacy as cash. However, data protection measures would be counterbalanced by other measures that were in the public interest, namely: (i) the obligations that currently applied to digital payments to tackle money laundering would also apply to the digital euro, and (ii) there would be a cap on the amount of digital euros that people could store on their devices, thereby protecting financial stability and preventing a significant outflow of deposits from banks.

He also highlighted the fact that the proposal on the digital euro took Europe’s strategic interests into account. The ECB was not the first bank to consider creating a digital currency. More than 100 central banks around the world were currently considering the possibility of having a public digital currency. Moreover, the euro was the second most-used currency in the world. With that in mind, he considered it necessary to safeguard the euro's leading role, in the EU and elsewhere in the world, vis-à-vis other central bank digital currencies as well as risky private-sector alternatives like cryptocurrencies.

The digital euro would also enhance the integrity and security of the European payment system at a time when growing geopolitical tensions made the EU more vulnerable to attacks on its critical infrastructure. As it would be based on European infrastructure, the payment system for the digital euro would be better equipped to withstand disruption, including cyberattacks and power outages. Thus, the issues at stake also related to the EU's monetary sovereignty and the stability of its financial sector, as well as the need to safeguard the international role of the single currency.

Lastly, Mr DOMBROVSKIS noted that the proposal being tabled that day set out the legal framework and main features of the digital euro, meaning that, once the proposal had been adopted by the European Parliament and the Council, the ECB would be in a position to potentially introduce a digital euro that could be widely used and available. It would thus be for the ECB to decide if and when to introduce the digital euro.

Mr GENTILONI said that, with the proposals it had tabled that day, the Commission was tackling the challenges facing monetary sovereignty in the digital age. Given the concerns raised in the Member States regarding the introduction of the digital euro, the Commission had sought to supplement the legal framework with a Regulation on the legal tender of cash. This Regulation guaranteed that unjustified restrictions would not undermine the principle whereby it was mandatory to accept cash. Any refusal to accept cash payment had to be in good faith, on legitimate grounds and in line with the principle of proportionality. Member States would be required to monitor restrictions and send an annual report to the ECB and the Commission on the availability and level of acceptance of cash.

Mr GENTILONI also noted people's concerns regarding the shrinking number of cash machines, a trend that had been accelerated by the COVID-19 pandemic and the fall in the number of cash transactions. Recent Eurobarometer surveys had revealed that the vast majority of consumers wanted to continue to use cash. Throughout the EU, most payments were still made in cash, although there were significant differences between the Member States.

He concluded by summarising the two-pronged objective of the proposed Regulations. The proposal on the digital euro sought to maintain Europe's monetary sovereignty in the digital age, while the proposal on the legal tender of cash sought to ensure that citizens had access to cash.

Mr BRETON was pleased that the Commission and the ECB had worked together closely to draw up that day's proposals. These proposals, together with the Data Act, on which political agreement had been reached the previous day, marked a return to Europe playing a leading role on digital issues.

The ECB would be the one to decide whether to introduce this new form of currency, but it relied on the Commission and the co-legislators to provide the legal framework needed for these transactions. He considered it important for this framework to take European values into account, particularly with regard to the question of accessibility for all individuals and businesses who wanted to use the digital euro. Accessibility would be ensured thanks to a universal digital platform, which could also be used offline for proximity payments and would offer a less expensive solution than credit cards or other means of payment currently available.

Ms McGUINNESS explained that, while it was already possible to pay electronically using a card or a phone, the digital euro had a wider scope since it would make it easier for people to access their bank and their money. The wide-ranging stakeholder consultation that had fed into the drafting of the proposals had highlighted the importance of maintaining access to cash, even though it was being used less and less frequently. That was why the proposal on the digital euro was being tabled in tandem with the proposal on the legal tender of euro banknotes and coins. Given the context, she felt it was essential to communicate clearly and effectively on this package. She also referred to the need for more general reflection on the role of central banks in the future and felt that the proposals tabled that day ought to be considered with that point in mind.

Lastly, Ms McGUINNESS expressed her regret that the level of financial knowledge in Europe was so low. This was all the more important in the era of digital payments, as young people often did not make the connection between the supply of a product or service and the corresponding monetary consideration. The Member States had already called on the Commission to support them in efforts to improve people's financial skills. Developing financial literacy in Europe would help trigger a very positive change in society, especially with regard to the inclusion of the most vulnerable groups.

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

– the College's full support for the proposals with respect to both the creation of the digital euro and the definition of legal tender for euro banknotes and coins;

– the welcome assurance that the package of proposals was designed not to eliminate cash but rather to ensure that cash remained widely available;

– the importance of cash, not only for carrying out anonymous transactions, but also as a back-up for payments in the event of a widespread power outage;

– regret regarding the reduction in the number of cash machines, which was explained by the fact that they were costly for banks to operate;

– the fact that existing private payment platforms, which were mainly from third countries, were working well, and banks' reluctance to finance the creation of a new platform;

– a question regarding the announcement that the digital euro would be available for free and, in this connection, questions about how the cost of the digital euro system would be met.

In response to the questions raised during the debate, Mr DOMBROVSKIS stressed the importance of the proposal on the legal tender of euro banknotes and coins, which established the legal basis for the acceptance and availability of cash. Banks had an incentive to reduce the supply of cash since it was expensive to manage. For this reason, some Member States had already decided to require banks to ensure minimum levels of availability, in particular with regard to the distance between cash machines. The Commission's proposal to strengthen the legal tender of cash was therefore an important means of providing legal guarantees with respect to the availability and acceptance of cash.

Following these presentations, the Commission:

– adopted the proposal for a Regulation in COM(2023) 369/2 for transmission to the European Parliament, the Council, the European Central Bank, the European Economic and Social Committee, the European Data Protection Supervisor, the European Data Protection Board and the national parliaments, together with the impact assessment, the summary thereof and the opinion of the Regulatory Scrutiny Board in SWD(2023) 233, SWD(2023) 234 and SEC(2023) 257, the contents of which were noted;

– adopted the proposal for a Regulation in COM(2023) 364/2 for transmission to the European Parliament, the Council, the European Central Bank and the national parliaments, and, for information, to the European Economic and Social Committee, together with the impact assessment, the summary thereof and the opinion of the Regulatory Scrutiny Board in SWD(2023) 233, SWD(2023) 234 and SEC(2023) 257, the contents of which were noted;

– adopted the proposal for a Regulation in COM(2023) 368/2 for transmission to the European Parliament, the Council, the European Central Bank, the European Economic and Social Committee, the European Data Protection

Supervisor, the European Data Protection Board and the national parliaments, together with the impact assessment, the summary thereof and the opinion of the Regulatory Scrutiny Board in SWD(2023) 233, SWD(2023) 234 and SEC(2023) 257, the contents of which were noted.

17. OTHER BUSINESS (CONTINUED)

17.1. COMMISSION RESPONSE TO A EUROPEAN PARLIAMENT RESOLUTION PURSUANT TO ARTICLE 225 OF THE TREATY ON THE FUNCTIONING OF THE EUROPEAN UNION (TFEU) – QUALITY TRAINEESHIPS

(SP(2023) 330)

Mr SCHMIT informed the College of the proposed Commission response to a European Parliament resolution pursuant to Article 225 of the Treaty on the Functioning of the European Union (TFEU) on quality traineeships. The resolution had been adopted by a large majority in the European Parliament. The issue had also been raised, in particular by youth organisations, during the Conference on the Future of Europe.

In response to the resolution, the Commission’s work programme for 2023 included an initiative to update the Quality Framework for Traineeships. Issues such as fair remuneration and social protection would also be addressed in this connection. Likewise, it was vital to ensure equal opportunities with respect to traineeships for all vulnerable groups.

In line with the commitment by the PRESIDENT, the Commission would respond to the European Parliament’s request by proposing a legislative act, subject to the principles of proportionality and subsidiarity. Drafting a directive raised some legal questions that required analysis in order to preserve existing social rights. The social partners would be consulted, with the first stage of consultation launched in early July.

The Commission took note of this information.

17.2. LATEST DEVELOPMENTS IN EXTERNAL RELATIONS

Mr BORRELL gave an update on the rebellion by mercenaries troops from the Wagner Group against Russian military command. He mentioned the discussions he had with the US Secretary of State, Mr Anthony BLINKEN, and other partners at the G7 in order to agree on a shared approach and to reiterate unconditional support for Ukraine.

The PRESIDENT welcomed the reserve shown by the EU during the paramilitary group’s insurrection. She stressed the importance of analysing the consequences and implications of recent events.

The Commission took note of this information.

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

The meeting closed at 11.19.