



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2016) 2189 final

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Brussels, 30 November 2016

TEXTE EN

MINUTES

of the 2189th meeting of the Commission

held in Brussels

(Berlaymont)

on Tuesday 16 November 2016

(morning)

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Single sitting: Wednesday 16 November 2016 (morning)

The sitting opened at 9.39 with Mr JUNCKER, President, in the chair. Item 9 was chaired in part by Mr TIMMERMANS.

Present:

Mr JUNCKER	President	Items 1 to 9 (in part)
Mr TIMMERMANS	First Vice-President	
Ms MOGHERINI	High Representative / Vice-President	
Mr ANSIP	Vice-president	Items 1 to 9 (in part)
Mr DOMBROVSKIS	Vice-president	
Mr KATAINEN	Vice-president	Items 1 to 9 (in part)
Mr OETTINGER	Member	
Mr HAHN	Member	Items 7 (in part) to 9
Ms MALMSTRÖM	Member	
Mr VELLA	Member	
Mr ANDRIUKAITIS	Member	
Mr AVRAMOPOULOS	Member	
Ms THYSEN	Member	
Mr MOSCOVICI	Member	
Mr STYLIANIDES	Member	
Mr HOGAN	Member	Items 1 to 9 (in part)
Ms BULC	Member	Items 1 to 9 (in part)
Ms JOUROVÁ	Member	
Mr NAVRACSICS	Member	
Ms VESTAGER	Member	
Mr MOEDAS	Member	
Sir Julian KING	Member	

Absent:

Ms GEORGIEVA	Vice-President
Mr ŠEFČOVIČ	Vice-president
Mr MIMICA	Member
Mr ARIAS CAÑETE	Member
Ms BIENKOWSKA	Member
Ms CREȚU	Member

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

Ms ALEXANDROVA	A member of Ms GEORGIEVA's staff
Mr BIERVERT	Deputy Chef de cabinet to Mr ŠEFČOVIČ
Mr BEHRNDT	Chef de cabinet to Mr MIMICA
Ms LOBILLO BORRERO	Chef de cabinet to Mr ARIAS CAÑETE
Mr HEDBERG	Deputy Chef de cabinet to Ms BIENKOWSKA
Mr DE MICHELIS	Chef de cabinet to Ms CREȚU

The following also sat in:

Mr SELMAYR	Chef de cabinet to the PRESIDENT	Items 1 to 9 (in part)
Ms MARTÍNEZ ALBEROLA	Deputy Chef de cabinet to the PRESIDENT	
Mr ROMERO REQUENA	Director-General, Legal Service	
Mr PESONEN	Director-General, DG Communication	
Mr SCHINAS	Head of the Spokesperson's Service and Chief Spokesperson of the Commission	
Ms METTLER	Head of the European Political Strategy Centre	Items 8 (in part) and 9
Mr SWIEBODA	European Political Strategy Centre	Items 1 to 8 (in part)
Ms MICHOU	Deputy Secretary-General	
Mr PAQUET	Deputy Secretary-General	Item 9
Mr SHOTTER	Chief adviser in the PRESIDENT's Office	Items 7 and 8
Mr THOLONIAT	Adviser in the PRESIDENT's Office	Item 9
Ms SILLAVEE	PRESIDENT's Office	Items 1 to 9 (in part)
Ms SUTTON	Deputy Chef de cabinet to Mr TIMMERMANS	Item 8

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Mr WYNANDS	Chef de cabinet to Mr DOMBROVSKIS	Item 9
Ms SCHMITT	Chef de cabinet to Mr AVRAMOPOULOS	Items 1 to 8
Mr HERMANS	Chef de cabinet to Ms THYSSEN	Item 9
Mr BAILLY	Chef de cabinet to Mr MOSCOVICI	Item 9
Mr MORRISON	Chef de cabinet to Sir Julian KING	Items 1 to 8
Ms ANDREEVA	Commission Spokesperson's Service	
Mr BUTI	Director-General, DG Economic and Financial Affairs	Item 9

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

1. AGENDA

(OJ(2016) 2189/FINAL/2)

The Commission took note of that day's agenda.

2. WEEKLY MEETING OF CHEFS DE CABINET

(RCC(2016) 2189)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 14 November.

3. APPROVAL OF THE MINUTES AND SPECIAL MINUTES OF THE 2186TH MEETING OF THE COMMISSION (19 OCTOBER) AND THE MINUTES OF THE 2188TH MEETING (9 NOVEMBER)

(PV(2016) 2186; PV(2016) 2186, 2ND PART)

The Commission approved the minutes of its 2186th meeting, and decided to hold over for one week approval of the minutes of its 2188th meeting.

4. INTERINSTITUTIONAL RELATIONS

(RCC(2016) 132)

The Commission took note of the record of the meeting of the Interinstitutional Relations Group (IRG) held on Friday 11 November (RCC(2016) 132).

It paid particular attention to the following points.

4.1. HORIZONTAL ISSUES

- i) Accession of the European Union to the European Convention for the Protection of Human Rights and Fundamental Freedoms (ECHR)**

The Commission took note of the information in SI(2016) 430.

- ii) Mid-Term Review/Revision of the Multiannual Financial Framework (MFF) 2014-2020 – Quantitative aspects – OLBRYCHT & THOMAS report– 2016/0283 (APP)**

The Commission approved the line set out in SI(2016) 438 and /2.

4.2. LEGISLATIVE MATTERS

- iii) Trilogues**

(point 3.1 of the IRG record)

- Amendment of Regulation (EC) 562/2006 as regards the reinforcement of checks against relevant databases at external borders (Regulation) – MACOVEI report – 2015/0307 (COD)

The Commission approved the line set out in SI(2016) 431.

- Combating terrorism and replacing Council Framework Decision 2002/475/JHA on combating terrorism (Directive) – HOHLMEIER report – 2015/0281 (COD)

The Commission approved the line set out in SI(2016) 442.

- iv) European Parliament dossier – November I part-session**

(point 3.2 of the IRG record)

Ordinary legislative procedure – Second reading

- Amendment of Council Regulation (EC) 1342/2008 establishing a long-term plan for cod stocks and the fisheries exploiting those stocks (Regulation) – DODDS report – 2012/0236 (COD)

The Commission took note of the compromise text in SP(2016) 729, further to note COM(2016) 647, which it had already approved on 30 September.

Ordinary legislative procedure – First reading

- Activities and supervision of institutions for occupational retirement provision (Directive – recast) – HAYES report – 2014/0091 (COD)

The Commission took note of the compromise text in SP(2016) 730, further to note SI(2016) 277, which it had already approved on 27 June.

- Reduction of national emissions of certain atmospheric pollutants and amendment of Directive 2003/35/EC (Directive) – GIRLING report – 2013/0443 (COD)

The Commission took note of the compromise text in SP(2016) 731, further to note SI(2016) 284, which it had already approved on 27 June.

- Provision of further Macro-Financial Assistance to the Hashemite Kingdom of Jordan (Decision) – MAUREL report – 2016/0197 (COD)

The Commission took note of the compromise text in SP(2016) 732, further to note SI(2016) 398, which it had already approved on 25 October.

Special legislative procedure

- Amendment of Directive 2011/16/EU as regards access to anti-money-laundering information by tax authorities (Council Directive) – MAUREL report – 2016/0209 (CNS)

The Commission approved the line set out in SP(2016) 733.

v) Council Dossiers

(point 3.3 of the IRG record)

- Establishment of the European Public Prosecutor's Office (Council Regulation) – MATERA report – 2013/0255 (APP)

The Commission approved the line set out in SI(2016) 432.

- Fight against fraud to the Union's financial interests by means of criminal law (Directive) – GRÄSSLE & LÓPEZ AGUILAR report – 2012/0193 (COD)

The Commission approved the line set out in SI(2015) 433/3.

- Common rules in the field of civil aviation and establishing a European Union Aviation Safety Agency, and repealing Regulation (EC) 216/2008 of the European Parliament and of the Council (Regulation) – MARINESCU report – 2015/0277 (COD)

The Commission took note of document SI(2016) 439.

4.3. RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL

vi) Non-legislative dossiers

(point 4.1 of the IRG record)

- Authorisation, granted to the European Commission and the High Representative of the Union for Foreign Affairs and Security Policy, to open negotiations on a Comprehensive Agreement with the Republic of Azerbaijan (Joint Recommendation for a Council Decision)

The Commission approved the line set out in SI(2016) 424.

- Galileo – Procedural arrangements between the European Commission and the governments of the USA and Norway

The Commission approved the line set out in SI(2016) 428.

- European Union mechanism required by Article 33.2 of the United Nations Convention on the Rights of Persons with Disabilities

The Commission approved the line set out in SI(2016) 436/2.

- Authorisation to open negotiations on a comprehensive air transport agreement between the European Union and the Republic of Armenia (Recommendation for a Council Decision)

The Commission approved the line set out in SI(2016) 437.

vii) Programming of Council business

(SI(2016) 427)

The Commission took note of the information in SI(2016) 427 on the Council meetings between Thursday 17 and Wednesday 30 November.

4.4. RELATIONS WITH PARLIAMENT

viii) Non-legislative dossiers

(point 5.1 of the IRG record)

- Committee of Inquiry into Emission Measurements in the Automotive Sector (EMIS) – Preparation of hearing of Mr CALLEJA CRESPO, Director-General of DG Environment and former Director-General of DG Enterprise and Industry, on 14 November.

The Commission took note of the information in SP(2016) 735/2, further to SP(2016) 720 and /2, which it had already approved on 9 November.

- Committee of Inquiry into Emission Measurements in the Automotive Sector (EMIS) – Preparation of hearing of Mr Karl FALKENBERG, former Director-General of DG Environment, on 14 November.

The Commission took note of the information in SP(2016) 736/2, further to SP(2016) 722/2, which it had already approved on 9 November.

- Committee of inquiry into Emission Measurements in the Automotive Sector (EMIS) – Complementary request for access to documents

The Commission took note of SP(2016) 753.

- Conclusion, on behalf of the European Union, of an Agreement between the United States of America and the European Union on the protection of personal information relating to the prevention, investigation, detection, and prosecution of criminal offenses – ALBRECHT report – 2016/0126 (NLE)

The Commission approved the line set out in SP(2016) 738.

ix) Action taken on non-legislative resolutions adopted by Parliament at its July 2016 part-session

(point 5.6.1 of the IRG record)

The Commission approved, for transmission to Parliament, documents SP(2016) 694 and /2 on the action taken on the non-legislative resolutions adopted by Parliament at its July 2016 part-session.

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

x) Follow-up to opinions of the European Economic and Social Committee – Plenary session of May 2016

(point 6.3.1 of the IRG record)

The Commission approved document SC(2016) 37/2 on the follow-up by the Commission to the opinions adopted by the European Economic and Social Committee during the May 2016 session, for transmission to that Committee.

5. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

5.1. WRITTEN PROCEDURES APPROVED (SEC(2016) 458 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 7 and 11 November.

5.2. EMPOWERMENT (SEC(2016) 459 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 7 and 11 November.

5.3. DELEGATION / SUBDELEGATION OF POWERS (SEC(2016) 460 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 7 and 11 November, as archived in Decide.

5.4. SENSITIVE WRITTEN PROCEDURES (SEC(2016) 461 AND /2)

The Commission took note of the sensitive written procedures for which the time limit expired between 14 and 18 June and of the finalisation written

procedures initiated following the weekly meeting of Chefs de cabinet on 14 November.

6. ADMINISTRATIVE AND BUDGETARY MATTERS

(SEC(2016) 462)

ADMINISTRATIVE MATTERS

(PERS(2016) 115)

6.1. DG MARITIME AFFAIRS AND FISHERIES – APPOINTMENT OF AD14/15 DIRECTOR

(PERS(2016) 66 TO /3)

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 ‘Resources’ Directorate in DG Maritime Affairs and Fisheries (PERS(2016) 66).

It took note of the opinions of the Consultative Committee on Appointments of 16 September and 20 October (PERS(2016) 66/2 and /3).

The Commission proceeded to compare the applicants’ qualifications for the post. It also considered their ability, efficiency and conduct in the service. On a proposal from Ms GEORGIEVA, in agreement with the PRESIDENT and after consulting Mr VELLA and also Mr KATAINEN and Mr ŠEFČOVIČ, it decided to appoint Ms Dora CORREIA to the post.

This decision would take effect immediately.

6.2. DG MIGRATION AND HOME AFFAIRS – SECONDMENT OF AN AD15 OFFICIAL IN THE INTERESTS OF THE SERVICE UNDER ARTICLES 37 AND 38 OF THE STAFF REGULATIONS

The Commission took note of the information in point 2 of PERS(2016) 115 and, on a proposal from Ms GEORGIEVA, in agreement with the PRESIDENT and after consulting Mr AVRAMOPOULOS and Mr TIMMERMANS, the Commission decided to approve the secondment in the interests of the service, under Articles 37 and 38 of the Staff Regulations, of Mr Alain SCRIBAN, currently Principal Adviser in DG Migration and Home Affairs, to the representation of the European Bank for Reconstruction and Development (EBRD) for an initial period of two years.

It was agreed that, during this secondment:

- the Commission would continue to pay Mr Alain SCRIBAN the salary and allowances to which he was entitled by virtue of his employment in Brussels;
- the European Bank for Reconstruction and Development would bear all the expenses incurred in the performance of his tasks, including but not limited to approved expenses of missions, the associated expenses and the cost of any training;
- the Commission would pay expenses resulting from missions carried out on its behalf and at its specific request.

This decision would take effect on 1 December 2016.

6.3. DG HUMAN RESOURCES AND SECURITY – PROMOTION OF SENIOR MANAGEMENT OFFICIALS – 2015 EXERCISE (PERS(2016) 119)

The Commission noted the procedure followed, as set out in point 3 of PERS(2016) 115, and, on a proposal from Ms GEORGIEVA, in agreement with the PRESIDENT, decided:

- to promote to grade AD16 Ms Mariana KOTZEVA, Mr Rytis MARTIKONIS, Mr Raffaele PETRICCIONE, Mr Klaus RUDISCHHAUSER, Mr Michel SERVOZ and Mr Vladimir SUCHA, presented in alphabetical order, exercising the basic function of Director-General, with effect from 1 January 2016;
- to promote to grade AD16 Ms Maria Rosa ALDEA BUSQUETS, Ms Jolita BUTKEVICIENE, Mr Dan-Claudiu CHIRONDOJAN, Mr John CLARKE, Mr Nicolas DE LA GRANDVILLE, Ms Maria-Helena FIGUEIRA, Mr Bernhard FRIESS, Ms Elizabeth GOLBERG, Mr Anastassios HANIOTIS, Mr Philip KERMODE, Ms Inna STEINBUKA and Mr Eric VAN GINDERACHTER, presented in alphabetical order, exercising the basic function of Director, with effect from 1 January 2016.

These decisions would take effect immediately.

6.4. DG HUMAN RESOURCES AND SECURITY – LAUNCHING OF 2016 PROMOTION EXERCISE FOR SENIOR MANAGEMENT OFFICIALS

The Commission took note of the decision of Ms GEORGIEVA, in agreement with the PRESIDENT – adopted in accordance with the provisions of the Commission Decision of 10 May 2007 on the system of promotion of senior management officials (SEC(2007) 605) – concerning the 2016 promotion exercise based on the following criteria: the promotion rate set would be around 15% of eligible officials, the posts concerned would be those of

director or equivalent (AD14/15) and director-general or equivalent (AD15/16), the eligibility conditions would have to be met by 31 December 2016 at the latest and promotions would take effect on 1 January 2017.

**7. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ESTABLISHING A EUROPEAN TRAVEL INFORMATION AND AUTHORISATION SYSTEM (ETIAS) AND AMENDING REGULATIONS (EU) 515/2014, EU 2016/399, EU 2016/794 AND EU 2016/1624
(COM(2016) 731 TO /3; RCC(2016) 138)**

Mr TIMMERMANS submitted the proposal for a regulation establishing a European Travel Information and Authorisation System (ETIAS), which was one of the first tangible outcomes of the informal summit of the 27 Heads of State or Government held in Bratislava on 16 September. He stressed that establishing the system would enhance the protection of the external borders and the internal security of the Union, by ensuring that it would, in the future, be possible to identify those travellers benefiting from visa-free entry who constituted a risk in terms of illegal immigration, security or public health.

The system put forward would remedy the shortcomings of the existing IT systems and security frameworks, in that it would provide information in advance on travellers intending to cross the Union's external border, be it by land, air or sea, whereas to date such information had only been available for travellers who had been granted a visa.

In terms of implementation, ETIAS would link together the existing systems and databases by making them interoperable, which would help to automate operations.

He emphasised that the system proposed would heighten border security, but would

not hamper visa-free entry for eligible travellers.

He also pointed out that visa-exempt travellers would be able to use the system to submit an application from their own homes and the application fee would only be EUR 5 per traveller over 18, while the authorisation would remain valid for five years. With the EUR 5 fee that each traveller would have to pay, this simple, rapid, low-cost and effective system would be self-financing, and use of existing infrastructure and databases would reduce the cost of implementation from the outset.

Mr TIMMERMANS emphasised, moreover, the fact that the future European Travel Information and Authorisation System would be governed by the most up-to-date, strictest rules on data protection and operated with full respect for privacy.

He wound up his presentation by stressing that the system constituted a major step towards achieving one of the Union's major priorities, i.e. securing its borders and protecting its citizens.

Mr AVRAMOPOULOS noted that the Union had worked flat out to cope with the migration crisis over the previous two years, while, at the same time, having to deal with a series of deadly terrorist attacks. He argued that, once the European Travel Information and Authorisation System was in operation, it would have an effect on the common factor in both these developments, i.e. the Union's external border.

He explained that, with this system, the Union would remain open and would continue to welcome some 30 million visa-exempt visitors every year, as was the case today, while pursuing negotiations with third countries in order to implement its visa liberalisation policy and enhancing the security of the Union, since the new system would fill a significant gap by cross-checking the information for visa-exempt applicants with that contained in all the other existing systems and databases.

Mr AVRAMOPOULOS therefore took the view that it constituted the missing link

in managing the borders of the Union, as it would establish a connection between all the available databases and specialist agencies, as well as facilitate entry into the Schengen area for 95-98% of visa-exempt travellers. He emphasised that Europe's spirit of openness could not be manifested at the expense of its security.

He held that only some 1% or 2% of the applications submitted to the future system would require special processing by national authorities, which continued to have the prerogative concerning the entry of persons into their territory. Member States would also have to decide, by consulting each other, on the provisions to implement in the event of a security alert, bringing in national law-enforcement authorities if necessary.

He further explained that all the Union bodies concerned with home affairs would be involved in the development and operation of the European travel information and authorisation system, which would be administered centrally by one of the departments of the European Border and Coast Guards. Europol would also compile the future system's Watch List, which would play a vital role in the assessment of security risks. He added that the system would cover all the Member States of the Schengen area and would be less burdensome, quicker and less expensive than the US 'ESTA' system.

To conclude, Mr AVRAMOPOULOS stressed the importance of the rapidity with which the proposal, drawn up in eight weeks and submitted for approval, should be adopted by the co-legislators, so that it could be implemented as soon as possible.

Sir Julian KING pointed out that terrorists and criminals cared little about national borders and that the only way to defeat them was for Member States to work together effectively, and such cooperation would be facilitated by the European Travel Information and Authorisation System.

He explained that, in order to decide whether to approve or reject a request to travel to the Union, the automated system would conduct prior checks, in full respect of

fundamental rights and personal data protection. Moreover, while the final decision to grant or refuse entry would always be taken by the national border guards conducting border controls under the Schengen Borders Code, prior verifications of all travellers would facilitate border checks and ensure a coordinated and harmonised assessment of visa-exempt third-country nationals.

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

- the risk that the implementation of a European travel information and authorisation system might be negatively perceived, especially in the countries of the Western Balkans, where significant reforms had been undertaken as part of the negotiations on visa liberalisation and where the new system could be viewed as a step backwards;
- the fact that, contrary to this negative perception, this system would facilitate the arguments in support of negotiations on visa liberalisation with certain third countries;
- the criticism generated in the past by the roll-out of an equivalent system in the United States, which, moreover, had hit the country's tourism industry;
- hence the need to develop positive arguments, to be used by EU delegations, to explain the advantages of the new system and avoid putting off visa-exempt travellers;
- the need to take into account the technology gap in some third countries, which could initially undermine the planned ease of access to the system;
- for some Members, the importance of expediting the roll-out of the system, scheduled for 2020, as far as possible;

- for others, the need to give the various stakeholders, including carriers, the time they need to lay the groundwork for the systematic use of *ETIAS* and adapt it where necessary.

Mr TIMMERMANS began by emphasising the minor administrative and financial burden involved in using the system to register a request to enter the EU for a period of five years. He went on to explain that control of the Union's external borders would remain the responsibility of national authorities and that access to the data available in the proposed system would only be granted to law enforcement authorities following an explicit, duly reasoned decision. The new central information register would be subject to one of the strictest possible systems in terms of personal data protection, thereby safeguarding it against abuse.

He also reiterated the background to the Proposal, which addressed the terrorist attacks perpetrated in the EU and the requests made by the 27 Head of State and Government meeting at the informal Bratislava Summit. The urgency of the situation explained why it had not been possible to carry out a complete impact assessment but rather a feasibility study. The College had agreed that this was justified in this case by the priority that must be given to ensuring the security of EU citizens.

Regarding the implementation date, Mr TIMMERMANS felt that while it was desirable for the proposed system to be rolled out as quickly as possible, the technical constraints of the development of such a system should be taken into account and the co-legislators should be afforded the time needed to discuss and adopt the Proposal for a Regulation.

The PRESIDENT wound up the discussion by stressing the practical and symbolic importance of the Proposal for a Regulation establishing a European Travel Information and Authorisation System (ETIAS), which he had announced in his last State of the Union address and which had been expressly requested by European leaders in Bratislava. He stressed the importance of reinforcing security on the EU's

external borders following the terrorist attacks perpetrated in Member States, and the priority to be given to ensuring the security of citizens.

Following its discussions, the Commission approved the Proposal for a Regulation in COM(2016) 731/3, for transmission to Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions and the European Data Protection Supervisor, and to the national parliaments.

8. SECOND PROGRESS REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE EUROPEAN COUNCIL AND THE COUNCIL TOWARDS AN EFFECTIVE AND GENUINE SECURITY UNION (COM(2016) 732 AND /2; RCC(2016) 138)

Sir Julian KING presented the second in a series of monthly reports on the progress made towards an effective and genuine security union, as set out in the April 2015 European Agenda on Security. He emphasised in particular the rise in cybercrime, of which at least 80% of European businesses had been victims in 2015-2016 according to a recent survey, hence the quadrupling of expenditure earmarked to fight it in recent years. According to the forecasts in the study carried out by a UK research centre, the cost of cybercrime was set to rise to nearly \$2 trillion in 2019.

He also referred to the growing threat of cyberespionage by hostile state-sponsored operators, which were attacking IT systems in the Union belonging to media outlets, businesses, public institutions and even political parties. He noted the increase in cyberattacks aimed at interfering in electoral processes or discrediting governments, thereby threatening the functioning of democracy within the Union and across the world.

He therefore asked the members to incorporate these threats into the development of the EU policies for which they were responsible, especially with regard to the

Digital Single Market and the Security Union.

During the discussion that followed, the Commission raised the following main points:

- the growing use of cyberattacks for industrial and state-sponsored espionage, and the need to define a long-term vision for cybersecurity;
- the need to warn Member States of the growing, multifaceted threat of cybercrime and the importance of providing a collective, EU-wide response to it;
- the danger posed to democratic processes by cybercrime, especially where it was perpetrated by hostile state-sponsored operators;
- the importance for the EU institutions of protecting their IT systems and assess the possible impact on system security of the use of external staff.

Sir Julian KING concluded the discussion by asking the members of the Commission to exercise the utmost vigilance in order to protect the EU institutions against cybercrime and prevent it from interfering in their decision-making processes.

The Commission approved the report in COM(2016) 732/2, for transmission to Parliament, the European Council and the Council and, for information, to the national parliaments.

9. EUROPEAN SEMESTER OF ECONOMIC AND BUDGETARY POLICY COORDINATION FOR 2017 – AUTUMN PACKAGE

**(COM(2016) 725; COM(2016) 727 AND /2; COM(2016) 728; COM(2016) 729;
COM(2016) 730; RCC(2016) 137)**

It was agreed to adopt formally the communication on the Annual Growth Survey 2017 (AGS), the communication ‘Towards a positive fiscal stance for the euro area’, the Alert Mechanism Report 2017 and the draft Joint Employment Report from the Commission and the Council by finalisation written procedure, the deadline for which was set at 12:00 on Wednesday, 16 November (PE/2016/7881, PE/2016/7886, PE/2016/7882 and PE/2016/7845 respectively).

In addition, the communication on the overall assessment of the 2017 draft budgetary plans, on the one hand, and the recommendation for a Council Recommendation on the economic policy of the euro area, the proposal for a Council Opinion on the economic partnership programme presented by Portugal, the communication on the assessment of action taken by Portugal and Spain, and the Commission’s opinions on the 18 draft budgetary plans received from the Member States in the euro area, on the other hand, would be adopted by written procedure pursuant to Article 12(5) of the rules of procedure, the deadline for which was set at 12:00 on Wednesday, 16 November (PE/2016/7952, PE/2016/7953, PE/2016/8009, PE/2006/8008, PE/2016/8010, PE/2016/8011, PE/2016/8012, PE/2016/8013, PE/2016/8014, PE/2016/8015, PE/2016/8017, PE/2016/8018, PE/2016/8019, PE/2016/8029, PE/2016/8039, PE/2016/8041, PE/2016/8043, PE/2016/8049, PE/2016/8050, PE/2016/8051, PE/2016/8053 and PE/2016/8072 respectively).

The PRESIDENT invited Mr DOMBROVSKIS, Mr MOSCOVICI and Ms THYSEN to present all of the documents relating to the European Semester of economic and budgetary policy coordination for 2017, a package that was the follow-up to the policy debate held by the College the previous week and which

would be adopted that day by written procedure.

Mr DOMBROVSKIS briefly reviewed the current general economic climate in the European Union, which was characterised by further moderate growth in all the Member States, a recovery in investment, albeit slow, and falling levels of indebtedness and budget deficit, all of which was accompanied by the creation of 8 million jobs since 2013, but also unemployment that was still too high, although it was continuing to decline.

Moving on to certain aspects of the package of documents, he explained that, in order to consolidate the incipient recovery and achieve more sustainable and inclusive growth, in its Annual Growth Survey the Commission confirmed the validity of the virtuous triangle of European economic policy, which consisted in boosting investment, pursuing structural reforms and ensuring fiscal responsibility, at the same time as focusing on social justice and more inclusive growth.

He also referred to the new feature announced in the PRESIDENT's State of the Union address in September, namely the communication 'Towards a positive fiscal stance for the euro area', which was based on the legal framework of the Stability and Growth Pact and took account, more broadly, of considerations relating to fiscal sustainability. In that communication, the Commission recommended that Member States which needed to correct excessive deficits and those which still had to make an effort to achieve their medium-term objectives should continue along that path, whereas it encouraged Member States with fiscal space to carry out a more expansionary fiscal policy, in particular by increasing their investments.

Mr DOMBROVSKIS then referred to the Commission's opinions on the 18 draft budgetary plans for 2017 submitted by the Member States in the euro area with the exception of Greece, which was the subject of a European assistance programme. Of the 15 Member States under the preventive arm of the Stability and Growth Pact, (i) Estonia, Germany, Luxembourg, the Netherlands and Slovakia had submitted draft budgetary plans that complied with the Pact, (ii) Austria, Ireland, Latvia and

Malta had submitted drafts that were broadly compliant, whereas (iii) the drafts submitted by Belgium, Cyprus, Finland, Italy, Lithuania and Slovenia were at risk of not complying.

With regard to the three Member States under the corrective arm of the Stability and Growth Pact, the Commission took the view that France's draft budgetary plan was broadly compliant, while those of Portugal and Spain were at risk of not complying. The Commission also concluded that the excessive deficit procedures for the latter two countries could be put on hold, with the result that the reason that had obliged the Commission to propose suspending part of the 2017 budget commitments for the European Structural and Investment Funds no longer existed, and therefore the Commission had no proposals to make.

To conclude his presentation, Mr DOMBROVSKIS referred to the Alert Mechanism Report, a system that identified the countries in which there could be macroeconomic imbalances, therefore meriting an in-depth review. This year, that was the case for 13 Member States, whereas last year 19 Member States had been concerned.

Mr MOSCOVICI returned to the communication 'Towards a positive fiscal stance for the euro area', underlining the fact that, under the current rules, this was a legal power of the Commission, but it had never been used to date. For the first time, it was a matter of setting the 19 Member States in the euro area an overall objective of balance between support for growth, which was the Commission's political priority, and respect for the rules, which was its legal obligation. He took the view that it was an extremely important initiative for the deepening of the Economic and Monetary Union.

At the moment, budgetary policy in the euro area was based on the statistical aggregation of 19 national budgetary policies that were independent of each other. The initiative therefore consisted in the Commission intervening in the general interest of the euro area and guiding national fiscal policies towards the area's

common objectives, while fully complying with the rules in force. He saw that as a step towards strengthened economic governance of the euro, which was both consistent with the letter of the EU rules on fiscal governance, i.e. the two-pack, and the spirit of the Five Presidents' Report, i.e. the June 2015 report entitled *Completing Europe's Economic and Monetary Union*.

Mr MOSCOVICI explained that the Commission's Communication set out a fiscal expansion of up to 0.5% of the gross domestic product for the euro area as a whole for 2017, taking into account the level of economic activity, unused capacity, unemployment and inflation. In other words, the Member States that had fiscal space should spend and invest more, while those that were still below their targets should focus primarily on fulfilling their budgetary commitments. He stressed that, within the framework of the European rules, the Communication on a positive fiscal stance for the euro area was a step forward in conceptual terms and would probably be the subject of lively debate at the Eurogroup meeting in December.

As regards the opinions on the Member States' draft budgetary plans for 2017, Mr MOSCOVICI pointed out that the Commission's role was to give direction to the Member States' individual budgetary policies on the basis of their specific circumstances so as to achieve a coherent overall policy that would support growth and employment throughout the euro area.

Mr MOSCOVICI then made some specific comments on the draft budgetary plans that, in the Commission's view, presented a risk. He referred, for example, to Portugal; the country's economic growth data provided the previous day showed an overall expansion and there was only a slight deviation from the Pact's requirements. He also noted that Portugal's release from the Excessive Deficit Procedure appeared to be probable and could take place next year. He also referred to Finland and Lithuania, which had asked to be granted flexibility for their structural reforms; these would be examined next year and could result in a more positive assessment. As regards Spain and Lithuania, the Commission was still

waiting to receive their full and final draft budgetary plans; Spain's plan would most likely be sent shortly, as a new Government was now in place. The plans submitted by Cyprus and Italy showed the greatest deviation. As regards Italy, Mr MOSCOVICI emphasised that the Commission hoped to take a constructive approach to the issue of refugees and the budgetary impact of the earthquakes.

He turned again to Spain and Portugal; in July, the Commission had taken decisions to send letters of formal notice to both countries. He noted that the two countries had implemented the required measures, in line with their commitments, which was why the Commission was not proposing decisions to suspend the structural funds.

Ms THYSSEN welcomed the greater social dimension of the European Semester, where there was now a stronger emphasis than there had been in the past on investing in citizens, their skills, jobs, social situation and health. She pointed to the inclusive nature of this greater social dimension, with an enhanced role for social partners.

The coordination of policies implemented as part of the European Semester had proved successful, as made evident by the fact that some five million jobs had been created since the current Commission took office at the end of 2014. The drop in the unemployment rate, which stood at 8.5%, was a further positive development brought about by the successful investment in the Youth Employment Initiative. However, she emphasised that efforts were needed to further reduce youth unemployment, which remained high in significant regions of 15 Member States, at over 25%.

Ms THYSSEN took the view that the package of documents and decisions that would be adopted that day gave a clear response to populists. In this context, she stressed that the annual growth survey encouraged the Member States to ensure, with the social partners and in accordance with their own traditions, that their system of wage negotiations created jobs and increased real incomes at the same time, while taking account of variations in productivity.

Ms THYSSEN added that encouraging the euro area to view its fiscal stance collectively could speed up employment growth and social improvements in Member States that were part of the euro area. For that reason, the Commission's Communication on a positive fiscal stance for the euro area was, in her view, an important contribution to the in-depth discussions taking place across the euro area on new economic stimuli. While pointing out that the rules in force provided for such an approach for the euro area as a whole, she gave it her full support and felt it to be particularly timely.

During the discussion that followed, the Commission raised the following main points:

- support for all the documents in the autumn package, considered to be balanced and sound;
- in the current political climate of disaffection, the opportunity to make European citizens aware of the progress and positive results achieved by the European Union thanks to economic governance and policy coordination, particularly the return of growth in all Member States and the reduction of deficits in the euro area; the aid given to Member States through these instruments to help them re-establish sustainable growth and strengthen the social pillar; the advantage of bringing the Economic and Monetary Union and the social pillar closer together in the Commission's communication activities;
- a number of requests to clarify the specific budgetary situation in certain Member States; the need for the Commission to take a constructive approach;
- appreciation of the fact that it had not been necessary to suspend the European Structural and Investment Funds given the positive results achieved by the Member States that could have been affected;

- general support for the Communication on a positive fiscal stance for the euro area, the quality, economic soundness and innovative nature of which were highlighted; support for the principle of collective responsibility; the need to consider how to implement this principle in terms of relations with the Member States in the euro area; likewise, the suggestion that the discussions that would begin in December with the Eurogroup should be prepared carefully;
- the hope that the possible fiscal expansion of 0.5% of euro-area gross domestic product would not discourage Member States that had made considerable efforts to control spending or encourage those whose budget discipline was relatively less strict;
- when issuing future recommendations that certain Member States increase investment spending, the advisability of including in future a specific reference to the reform of education and defence systems.

Mr DOMBROVSKIS explained the link between the positive fiscal stance in the euro area, which was a response to concerns over general budgetary sustainability, and the Stability and Growth Pact, which provided the framework. In the light of that link, he explained the situation in a number of Member States about which the Members of the Commission had asked questions.

Mr MOSCOVICI spoke again about the discussions that would take place with the Eurogroup regarding the Communication on a positive fiscal stance for the euro area. Although the Communication had sparked debate, he welcomed the initiative taken by the Commission, which in his view was in line with the PRESIDENT's desire for the Commission to be more proactive.

Mr TIMMERMANS brought the discussion to a close by congratulating Mr DOMBROVSKIS, Mr MOSCOVICI and Ms THYSSEN for the excellent work carried out under their authority, which had enabled the Commission to put forward a high-quality package of assessments and proposals of such complexity and depth.

The Commission took note of this information.

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The meeting closed at 11.41.