



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

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Brussels, 8 November 2017

TEXTE EN

MINUTES

of the 2225th meeting of the Commission

held in Brussels

(Berlaymont)

on Wednesday 20 September 2017

(morning)

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Single sitting: Wednesday 20 September 2017 (morning)

The sitting opened at 10.13 with Mr JUNCKER, President, in the chair.

Present:

Mr JUNCKER	President	
Mr ANSIP	Vice-President	
Mr DOMBROVSKIS	Vice-President	
Mr KATAINEN	Vice-President	
Mr OETTINGER	Member	
Mr VELLA	Member	Items 1 to 5 (in part)
Mr ANDRIUKAITIS	Member	
Ms THYSEN	Member	
Mr HOGAN	Member	
Ms BIEŃKOWSKA	Member	
Mr NAVRACSICS	Member	
Ms CREȚU	Member	
Mr MOEDAS	Member	
Sir Julian KING	Member	
Ms GABRIEL	Member	

Absent:

Mr TIMMERMANS	First Vice-President
Ms MOGHERINI	High Representative / Vice-President
Mr ŠEFČOVIČ	Vice-President
Mr HAHN	Member
Ms MALMSTRÖM	Member
Mr MIMICA	Member
Mr ARIAS CAÑETE	Member
Mr AVRAMOPOULOS	Member
Mr MOSCOVICI	Member
Mr STYLIANIDES	Member
Ms BULC	Member
Ms JOUROVÁ	Member
Ms VESTAGER	Member

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

Ms SUTTON	Deputy Chef de cabinet to Mr TIMMERMANS
Ms PANZETTI	Chef de cabinet to Ms MOGHERINI
Mr BIEVERT	Deputy Chef de cabinet to Mr ŠEFČOVIČ
Ms JAHNS	Adviser in Mr HAHN's Office
Mr BURGMÜLLER	A member of Ms MALMSTRÖM's staff
Mr BEHRNDT	Chef de cabinet to Mr MIMICA
Ms LOBILLO BORRERO	Chef de cabinet to Mr ARIAS CAÑETE
Ms ASTERIADI	Deputy Chef de cabinet to Mr AVRAMOPOULOS
Mr BAILLY	Chef de cabinet to Mr MOSCOVICI
Ms WOOD	A member of Mr STYLIANIDES's staff
Mr ZAKONJŠEK	Chef de cabinet to Ms BULC
Mr BRAUN	Deputy Chef de cabinet to Ms JOUROVÁ
Ms JUUL-JØRGENSEN	Chef de cabinet to Ms VESTAGER

The following also sat in:

Mr SELMAYR	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	
Ms MARTÍNEZ ALBEROLA	Deputy Chef de cabinet to the PRESIDENT	
Ms DEJMEK-HACK	Adviser in the PRESIDENT's Office	Items 1 to 5 (in part)

Mr KASEL	Adviser in the PRESIDENT's Office	Item 5 (in part)
Ms ARKI	PRESIDENT's Office	
Mr WYNANDS	Chef de cabinet to Mr DOMBROVSKIS	
Mr MUELLER	Chef de cabinet to Mr VELLA	Item 5 (in part)
Ms ANDREEVA	Commission Spokesperson's Service	

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

1. AGENDAS

(OJ(2017) 2225/FINAL; SEC(2017) 393/FINAL)

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

2. WEEKLY MEETING OF CHEFS DE CABINET

(RCC(2017) 2225)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 18 September.

3. APPROVAL OF THE MINUTES AND SPECIAL MINUTES OF THE 2222ND AND 2223RD MEETINGS OF THE COMMISSION (26 JULY AND 6 SEPTEMBER) AND THE MINUTES OF THE 2224TH MEETING (12 SEPTEMBER)

(PV(2017) 2222; PV(2017) 2222, 2ND PART; PV(2017) 2223; PV(2017) 2223, 2ND PART)

The Commission held over approval of the minutes of its 2222nd, 2223rd and 2224th meetings for a later meeting.

4. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

4.1. WRITTEN PROCEDURES APPROVED (SEC(2017) 394 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 11 and 15 September.

4.2. EMPOWERMENT (SEC(2017) 395 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 11 and 15 September.

4.3. DELEGATION / SUBDELEGATION OF POWERS (SEC(2017) 396 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 11 and 15 September, as archived in Decide.

4.4. SENSITIVE WRITTEN PROCEDURES (SEC(2017) 397 AND /2)

The Commission took note of the sensitive written procedures for which the time limit expired between 18 and 22 September and of the finalisation written procedures initiated following the weekly meeting of Chefs de cabinet on Monday 18 September.

5. OTHER BUSINESS

5.1. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN CENTRAL BANK, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS – REINFORCING INTEGRATED SUPERVISION TO STRENGTHEN CAPITAL MARKETS UNION AND FINANCIAL INTEGRATION IN A CHANGING ENVIRONMENT (COM(2017) 542 AND /2; RCC(2017) 113)

5.2. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AMENDING REGULATION (EU) 1093/2010 ESTABLISHING A EUROPEAN SUPERVISORY AUTHORITY (EUROPEAN BANKING AUTHORITY); REGULATION (EU) 1094/2010 ESTABLISHING A EUROPEAN SUPERVISORY AUTHORITY (EUROPEAN INSURANCE AND OCCUPATIONAL PENSIONS AUTHORITY); REGULATION (EU) 1095/2010 ESTABLISHING A EUROPEAN SUPERVISORY AUTHORITY (EUROPEAN SECURITIES AND MARKETS AUTHORITY); REGULATION (EU) 345/2013 ON EUROPEAN VENTURE CAPITAL FUNDS; REGULATION (EU) 346/2013 ON EUROPEAN SOCIAL ENTREPRENEURSHIP FUNDS; REGULATION (EU) 600/2014 ON MARKETS IN FINANCIAL INSTRUMENTS; REGULATION (EU) 2015/760 ON EUROPEAN LONG-TERM INVESTMENT FUNDS; REGULATION (EU) 2016/1011 ON INDICES USED AS BENCHMARKS IN FINANCIAL INSTRUMENTS AND FINANCIAL CONTRACTS OR TO MEASURE THE PERFORMANCE OF INVESTMENT FUNDS; AND REGULATION (EU) 2017/1129 ON THE PROSPECTUS TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING ON A REGULATED MARKET

(COM(2017) 536 AND /2; SWD(2017) 308 AND /2; SWD(2017) 309; SEC(2017) 403; RCC(2017) 113)

5.3. AMENDMENT OF PENDING PROPOSAL FOR A REGULATION AMENDING REGULATION (EU) 1095/2010 ESTABLISHING A EUROPEAN SUPERVISORY AUTHORITY (EUROPEAN SECURITIES AND MARKETS AUTHORITY) AND AMENDING REGULATION (EU) 648/2012 AS REGARDS THE PROCEDURES AND AUTHORITIES INVOLVED FOR THE AUTHORISATION OF CCPS AND REQUIREMENTS FOR THE RECOGNITION OF THIRD-COUNTRY CCPS

(COM(2017) 539 AND /2; RCC(2017) 113)

5.4. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AMENDING REGULATION (EU) 1092/2010 ON EUROPEAN UNION MACRO-PRUDENTIAL OVERSIGHT OF THE FINANCIAL SYSTEM AND ESTABLISHING A EUROPEAN SYSTEMIC RISK BOARD

(COM(2017) 538 AND /2; SWD(2017) 313; RCC(2017) 113)

5.5. PROPOSAL FOR A DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AMENDING DIRECTIVE 2014/65/EU ON MARKETS IN FINANCIAL INSTRUMENTS AND DIRECTIVE 2009/138/EC ON THE TAKING-UP AND PURSUIT OF THE BUSINESS OF INSURANCE AND REINSURANCE (SOLVENCY II)

(COM(2017) 537 AND /2; RCC(2017) 113)

The PRESIDENT invited Mr DOMBROVSKIS and Mr KATAINEN to present the set of reforms aimed at introducing stronger and more integrated European financial supervision for the Capital Markets Union.

Mr DOMBROVSKIS began by emphasising the importance of this set of texts for developing the single market and deepening the Economic and Monetary Union, as well as the need for an integrated supervisory system in order to move forward with integrating financial markets.

He pointed out that the Banking Union already had a single supervisory system and that it seemed appropriate to do the same for the Capital Markets Union. Another reason for these reforms was the new challenges that the supervisory authorities had to address in the financial services sector, particularly technological innovations (FinTech) and their contribution to sustainable finance. To these factors he added the prospect of the UK's withdrawal from the European Union and the wish to prevent the reconfiguration of financial markets from leading to a 'race to the bottom' in the level of supervision.

He then enumerated the specific proposals presented by the Commission for progressively improving the European system of financial supervision. The European Banking Authority, currently based in London, the European Insurance and Occupational Pensions Authority, based in Frankfurt, and the European Securities Markets Authority, based in Paris, would be given stronger powers to coordinate the national supervisory authorities and would have a more solid financing base. The European Securities Markets Authority would be tasked with directly supervising certain segments of the capital market.

Mr DOMBROVSKIS observed that these proposals were designed for all the Member States and that it would not be feasible to introduce a capital markets union or a single supervisory system only for the countries in the euro area. He confirmed in this connection that the guarantees for the authorities of the Member States that did not participate in the Banking Union would be

maintained, although they would be slightly adapted.

In conclusion, he viewed this set of proposals as a pragmatic and balanced step towards increased integration of capital markets and a stronger Economic and Monetary Union.

Mr KATAINEN agreed with Mr DOMBROVSKIS and emphasised that these initiatives would improve the functioning of the European financial sector and strengthen financial stability in the Union, ensure a level playing field for all Member States in terms of competition and facilitate financial innovation for European enterprises, all of which were measures to be considered with a view to the UK's future withdrawal from the Union.

He went on to give some specific examples of the improvements these measures would bring with respect to the current situation, namely the introduction of a European technological innovation platform, in particular for exchanges of information between Member States, the benefits of integrated supervision in promoting sustainable finance, and the fact that the measures would enable the supervisory authorities to directly request information from financial institutions.

The Commission held a brief exchange of views, during which it approved the idea of doing for the Capital Markets Union what had been done for the Banking Union, in other words creating an integrated supervisory structure at EU level. It asked for clarifications regarding the consultation of the Member States and welcomed the importance given to the supervision of the financial management of insurance and occupational pensions.

Replying to these comments, Mr DOMBROVSKIS pointed out that the 'Five Presidents' Report' of June 2015 entitled 'Completing Europe's Economic and Monetary Union' had made clear the need to establish, over

time, a single supervisory mechanism, and that the Commission had reaffirmed this in its reflection paper on the deepening of the Economic and Monetary Union of May 2017. In addition, he underlined the progressive nature of the process proposed and pointed out that the Commission had consulted the Member States before presenting these proposals, which would now be submitted to the co-legislators.

The PRESIDENT concluded by thanking Mr DOMBROVSKIS and Mr KATAINEN for their presentations.

Following these presentations, the PRESIDENT confirmed the formal adoption of the decisions in COM(2017) 542/2, COM(2017) 536/2, COM(2017) 539/2, COM(2017) 538/2 and COM(2017) 537/2, by finalisation written procedure, the deadline for which was set at 12.00 on Wednesday 20 September 2017 (PE/2017/6400, PE/2017/6395, PE/2017/6393, PE/2017/6396 and PE/2017/6394).

**5.6. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL – A FAIR AND EFFICIENT TAX SYSTEM IN THE EUROPEAN UNION FOR THE DIGITAL SINGLE MARKET
(COM(2017) 547 TO /3; RCC(2017) 114)**

Mr DOMBROVSKIS presented the Communication aimed at continuing the discussion on establishing a fair and efficient tax system in the Union for the digital single market.

Digitalisation of the economy was taking place rapidly and on a large scale, affecting all sectors of society; completing the digital single market was therefore a major priority for the Commission. In order to develop, the digital single market required a fiscal framework that was stable and modern but also

fair. However, the rules applicable to corporate taxation were no longer suitable for today's economy, which was frequently founded on intangible assets, information and access to data, themselves drivers of growth. Furthermore, in his State of the Union speech the PRESIDENT had called for fairer taxation in the digital sector, reflecting the Commission's commitment to taking action in this area.

In Mr DOMBROVSKIS' view it was necessary to adapt the approach to corporate taxation, using the principles of justice, competitiveness and the integrity of the internal market as the basis for this. It was essential to guarantee a level playing field so that all businesses paid their fair share of tax, whether they were large or small and whatever their degree of digitalisation, and so that industry could innovate, develop and grow in Europe.

The task was all the more urgent at Union level as unilateral measures taken by the Member States had the effect of fragmenting the internal market, increasing fiscal uncertainty, undermining the level playing field and opening legal loopholes for abusive fiscal practices.

Moreover, adaptation of the fiscal framework ought to put into practice the straightforward principle that tax should be paid in the place in which an activity generated income and profit. The work undertaken by the Union in this field was advancing in parallel with the work of the Organisation for Economic Cooperation and Development (OECD), which should lead to the publication of an interim report in the course of the year to come. However, he was afraid that substantial differences between OECD members on the approach to be taken would bring discussions at the international level to an impasse.

With regard to the European Union, he considered that the proposed creation

of a Common Consolidated Corporate Tax Base (CCCTB) was the most suitable framework to meet these challenges, and that it should be adapted to cover digital activities as well. Nevertheless, the procedure for the legislative adoption of this proposal would be lengthy, and the rapid evolution of the digital sector required alternative measures in the shorter term, so that a fair and efficient system could be established in the digital single market.

In this context, Mr DOMBROVSKIS reported that the Commission's Communication set out the various possible options to structure the debates – a compensatory tax, a tax on online advertising, and a withholding tax on online transactions – in order to arrive at a common European approach which supported growth and promoted fairness whilst maintaining the competitiveness of the internal market.

During a brief exchange of views, the Commission mentioned the following main points:

- the difficulty of concluding a short- or medium-term agreement on establishing at international level a tax system covering digital activities within the framework of the OECD, in view of the fundamentally divergent positions of some of its members;
- the importance, therefore, of the Union taking the initiative to establish a tax system within the framework of the single market, whilst contributing to the ongoing work in international forums;
- the need to set up a fairer tax system so that all businesses, whether local or multinational, paid tax in the place in which their income was generated, and to ensure that no business was exempt from this.

Mr DOMBROVSKIS concluded by emphasising the fact that the complexity

of the digital sector and its constant evolution were major obstacles to be overcome in order to integrate its activities in the coming tax reform. Numerous businesses currently avoided tax, depriving the Member States of valuable tax revenue and justifying the initiatives taken by some Member States at national level. For this reason he stressed the importance of devising common solutions, which alone could preserve the single market and guarantee a fair playing field at Union level.

At the end of this presentation, the PRESIDENT confirmed the formal adoption of the Communication in COM(2017) 547/3 by the ongoing finalisation written procedure, the deadline for which was set at 10.00 on Thursday 21 September 2017 (PE/2017/6514).

5.7. ACTION TO BE TAKEN ON THE PRESIDENT'S SPEECH ON THE STATE OF THE UNION IN 2017

In response to a question on the specific action to be taken on the speech on the State of the Union that he had delivered on 13 September before the European Parliament, the PRESIDENT said that he wanted to devote part of an upcoming College meeting, if possible that of 27 September, to discussing this issue in order to clarify the forthcoming process, the expected results, and the schedule for implementation of the announcements made in his speech.

The PRESIDENT noted that some parts of his speech on the State of the Union had provoked surprise, for example when he expressed his vision of a Union in which all Member States would eventually join the euro area and highlighted the principle of helping those that were not yet members to join, or when he recommended moving from decisions taken unanimously to decisions taken by qualified majority in certain policy areas, which was permitted under the current Lisbon Treaty if the European Council agreed. In such reactions he saw a lack of knowledge of the treaties, which was why he

was asking the Members of the Commission to explain in their external contacts the room for manoeuvre available within the existing treaties to speed up decision making and strengthen integration at the European level.

A brief discussion followed, during which the Commission noted in particular its strong and unanimous support for the future prospects outlined by the PRESIDENT in his State of the Union speech and the clarity of his concrete proposals, the generally positive reception of these in public opinion and the press, and the obligation that the speech placed on the Member States to take a position on the fundamental political issues it addressed.

The PRESIDENT closed the discussion by emphasising that the overall objective of the speech on the State of the Union was to bring new impetus to the debate on the future of Europe, and that his own personal aim was to call for the divisions between Member States to be overcome. He confirmed that the College would return to the follow-up to the process in the near future.

The Commission took note of this information.

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The meeting closed at 10.55.