



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2018) 2258 final

- *English language version of the French text which is authentic* -

Strasbourg, 3 July 2018

TEXTE EN

MINUTES

**of the 2258th meeting of the Commission
held in Strasbourg
(Winston Churchill building)
on Tuesday 12 June 2018
(afternoon)**

PV(2018) 2258 final

- *English language version of the French text which is authentic* -

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TABLE OF CONTENTS

Attendance list	7-9
1. AGENDAS (OJ(2018) 2258/FINAL; SEC(2018) 2258/FINAL)	10
2. WEEKLY MEETING OF CHEFS DE CABINET (RCC(2018) 2258).....	10
3. APPROBAVAL OF THE MINUTES OF THE 2254 TH , 2255 TH , 2256 TH AND 2257 TH MEETINGS OF THE COMMISSION (16, 23 AND 29 MAY, AND 6 JUNE 2018) (PV(2018) 2254; PV(2018) 2254, 2 ND PART; PV(2018) 2255; PV(2018) 2255, 2 ND PART; PV(2018) 2256)	10
4. INTERINSTITUTIONAL RELATIONS (RCC(2018) 108)	10
4.1. HORIZONTAL ITEM.....	11
4.2. LEGISLATIVE MATTERS	11
4.3. RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL	15
4.4. RELATIONS WITH PARLIAMENT	16
4.5. RELATIONS WITH NATIONAL PARLIAMENTS, THE OTHER INSTITUTIONS AND BODIES, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS.....	16
5. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS.....	17
5.1. WRITTEN PROCEDURES APPROVED (SEC(2018) 300 ET SEQ.).....	17
5.2. EMPOWERMENT (SEC(2018) 301 ET SEQ.)	17
5.3. DELEGATION / SUBDELEGATION OF POWERS (SEC(2018) 302 ET SEQ.).....	17
5.4. SENSITIVE WRITTEN PROCEDURES (SEC(2018) 303 AND /2)	17

6.	DECISION OF THE PRESIDENT OF THE EUROPEAN COMMISSION ON THE SETTING UP OF THE PROJECT TEAM ON DEFENCE UNION (C(2018) 3796)	18
7.	OTHER BUSINESS.....	18
	<i>MIGRATION SITUATION IN THE MEDITERRANEAN</i>	18
8.	2021-2027 MULTIANNUAL FINANCIAL FRAMEWORK – PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ESTABLISHING THE ASYLUM AND MIGRATION FUND (COM(2018) 471 TO /3; SWD(2018) 347 AND /2; SWD(2018) 348; SEC(2018) 315; RCC(2018) 107)	18
9.	2021-2027 MULTIANNUAL FINANCIAL FRAMEWORK – PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ESTABLISHING THE INTERNAL SECURITY FUND (COM(2018) 472 AND /2; SWD(2018) 347 AND /2; SWD(2018) 348; SEC(2018) 315; RCC(2018) 107)	18
10.	2021-2027 MULTIANNUAL FINANCIAL FRAMEWORK – PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ESTABLISHING, AS PART OF THE INTEGRATED BORDER MANAGEMENT FUND, THE INSTRUMENT FOR FINANCIAL SUPPORT FOR BORDER MANAGEMENT AND VISA (COM(2018) 473 TO /3; SWD(2018) 347 AND /2; SWD(2018) 348; SEC(2018) 315; RCC(2018) 107)	19
11.	2021-2027 MULTIANNUAL FINANCIAL FRAMEWORK – PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ESTABLISHING, AS PART	

- OF THE INTEGRATED BORDER MANAGEMENT FUND, THE
INSTRUMENT FOR FINANCIAL SUPPORT FOR CUSTOMS
CONTROL EQUIPMENT (COM(2018) 474 AND /2; SWD(2018) 347
AND /2; SWD(2018) 348; SEC(2018) 315; RCC(2018) 107) 19
12. 2021-2027 MULTIANNUAL FINANCIAL FRAMEWORK –
PROPOSAL FOR A REGULATION OF THE EUROPEAN
PARLIAMENT AND OF THE COUNCIL ESTABLISHING THE
NEIGHBOURHOOD, DEVELOPMENT AND INTERNATIONAL
COOPERATION INSTRUMENT (COM(2018) 460 AND /2;
SWD(2018) 337; SEC(2018) 310; RCC(2018) 104) 19
13. 2021-2027 MULTIANNUAL FINANCIAL FRAMEWORK –
PROPOSAL FOR A COUNCIL REGULATION ESTABLISHING A
EUROPEAN INSTRUMENT FOR NUCLEAR SAFETY
COMPLEMENTING THE NEIGHBOURHOOD, DEVELOPMENT
AND INTERNATIONAL COOPERATION INSTRUMENT ON THE
BASIS OF THE EURATOM TREATY (COM(2018) 462 AND /2;
SWD(2018) 337; SEC(2018) 310; RCC(2018) 104) 19
14. 2021-2027 MULTIANNUAL FINANCIAL FRAMEWORK –
PROPOSAL FOR A COUNCIL DECISION ON THE ASSOCIATION
OF THE OVERSEAS COUNTRIES AND TERRITORIES WITH THE
EUROPEAN UNION INCLUDING RELATIONS BETWEEN THE
EUROPEAN UNION ON THE ONE HAND, AND GREENLAND AND
THE KINGDOM OF DENMARK ON THE OTHER (‘OVERSEAS
ASSOCIATION DECISION’) (COM(2018) 461 AND /2;
SWD(2018) 337; SEC(2018) 310; RCC(2018) 104) 19
15. 2021-2027 MULTIANNUAL FINANCIAL FRAMEWORK –
PROPOSAL FOR A REGULATION OF THE EUROPEAN
PARLIAMENT AND OF THE COUNCIL ESTABLISHING THE

INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA III) (COM(2018) 465 AND /2; SWD(2018) 337; SEC(2018) 310; RCC(2018) 104).....	20
16. 2021-2027 MULTIANNUAL FINANCIAL FRAMEWORK – COMMUNICATION TO THE COMMISSION – COMMISSION SUPPORT TO THE PROPOSAL FROM THE HIGH REPRESENTATIVE OF THE UNION FOR FOREIGN AFFAIRS AND SECURITY POLICY FOR A COUNCIL DECISION ESTABLISHING A EUROPEAN PEACE FACILITY (C(2018) 3800; RCC(2018) 104).....	20
17. 2021-2027 MULTIANNUAL FINANCIAL FRAMEWORK – PROPOSAL FOR A COUNCIL REGULATION ESTABLISHING A DEDICATED FINANCIAL PROGRAMME FOR DECOMMISSIONING OF NUCLEAR FACILITIES AND MANAGEMENT OF RADIOACTIVE WASTE, AND REPEALING COUNCIL REGULATION (EURATOM) 1368/2013 (COM(2018) 467 AND /2; SWD(2018) 343 AND /2; RCC(2018) 106).....	20
18. 2021-2027 MULTIANNUAL FINANCIAL FRAMEWORK – PROPOSAL FOR A COUNCIL REGULATION ESTABLISHING THE NUCLEAR DECOMMISSIONING ASSISTANCE PROGRAMME OF THE IGNALINA NUCLEAR POWER PLANT IN LITHUANIA (IGNALINA PROGRAMME), AND REPEALING COUNCIL REGULATION (EU) 1369/2013 (COM(2018) 466 AND /2; SWD(2018) 342; RCC(2018) 106)	20
19. 2021-2027 MULTIANNUAL FINANCIAL FRAMEWORK – PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ESTABLISHING THE EUROPEAN DEFENCE FUND (COM(2018) 476 AND /2; SWD(2018) 345 AND /2; SEC(2018) 314; RCC(2018) 103)	21

20. 2021-2027 MULTIANNUAL FINANCIAL FRAMEWORK – PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON THE EUROPEAN MARITIME AND FISHERIES FUND AND REPEALING REGULATION (EU) 508/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL (COM(2018) 390 TO /3; SWD(2018) 295; SEC(2018) 276; RCC(2018) 109).....	21
21. OTHER BUSINESS (CONTINUED).....	25
21.1. RESULTS OF THE G7 SUMMIT (CHARLEVOIX, 8 AND 9 JUNE)	25
21.2. STATE AID	27
21.3. REPORT ON THE ASSESSMENT OF THE FISCAL STANCE APPROPRIATE FOR THE EURO AREA IN 2019 – PRESENTATION BY MR NIELS THYGESEN, CHAIR OF THE INDEPENDENT EUROPEAN FISCAL BOARD (SEC(2018) 321).....	27

Single sitting: Tuesday 12 June 2018 (afternoon)

The sitting opened at 13.10 with Mr JUNCKER, President, in the chair.

Present:

Mr JUNCKER	President	
Mr TIMMERMANS	First Vice-President	
Ms MOGHERINI	High Representative / Vice-President	Items 1 to 21.3 (in part)
Mr ANSIP	Vice-President	
Mr ŠEFČOVIČ	Vice-President	
Mr DOMBROVSKIS	Vice-President	Items 7 (in part) to 21
Mr KATAINEN	Vice-President	
Mr OETTINGER	Member	Items 1 to 20
Mr HAHN	Member	
Ms MALMSTRÖM	Member	
Mr MIMICA	Member	
Mr ARIAS CAÑETE	Member	
Mr VELLA	Member	
Mr ANDRIUKAITIS	Member	
Mr AVRAMOPOULOS	Member	
Ms THYSSEN	Member	
Mr STYLIANIDES	Member	
Mr HOGAN	Member	Items 7 (in part) to 21
Ms BULC	Member	
Ms BIENKOWSKA	Member	
Ms JOUROVÁ	Member	
Mr NAVRACSICS	Member	Items 7 (in part) to 21
Ms VESTAGER	Member	
Mr MOEDAS	Member	
Sir Julian KING	Member	

Absent:

Mr MOSCOVICI	Member
Ms CREȚU	Member
Ms GABRIEL	Member

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

Mr DARMON	Mr MOSCOVICI's Office
Ms BERINDE	A member of Ms CREȚU's staff
Ms BORISSOVA	Chef de cabinet to Ms GABRIEL

The following also sat in:

Ms MARTÍNEZ ALBEROLA	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	
Mr THOLONIAT	Adviser in the PRESIDENT's Office	
Ms ARKI	PRESIDENT's Office	
Ms SUTTON	Deputy Chef de cabinet to Mr TIMMERMANS	Items 1 to 20
Mr WYNANDS	Chef de cabinet to Mr DOMBROVSKIS	Items 21.2 and 21.3
Ms SZCZEPANSKA	A member of Mr OETTINGER's staff	
Mr SNELS	Secretariat-General	
Ms ANDREEVA	Commission Spokesperson's Service	
Mr THYGESEN	Chairman, European Fiscal Board	Item 21.3
Mr LARCH	Head of Secretariat, European Fiscal Board	Item 21.3

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

1. AGENDAS

(OJ(2018) 2258/FINAL; SEC(2018) 2258/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(2018) 2258)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 11 June 2018.

3. APPROBAVAL OF THE MINUTES OF THE 2254TH, 2255TH, 2256TH AND 2257TH MEETINGS OF THE COMMISSION (16, 23 AND 29 MAY, AND 6 JUNE 2018)

(PV(2018) 2254; PV(2018) 2254, 2ND PART; PV(2018) 2255; PV(2018) 2255, 2ND PART; PV(2018) 2256)

The Commission approved the minutes of its 2255th and 2256th meetings and decided to hold over approval of the minutes of its 2254th and 2257th meetings for a later meeting.

4. INTERINSTITUTIONAL RELATIONS

(RCC(2018) 108)

The Commission took note of the record of the meeting of the Interinstitutional Relations Group (IRG) held on Friday 8 June 2018 (RCC(2018) 108).

It paid particular attention to the following points.

4.1. HORIZONTAL ITEM

i) Proposal for an Interinstitutional Agreement on a mandatory Transparency Register – COM(2016) 627

The Commission took note of the information in SI(2018) 319/2.

4.2. LEGISLATIVE MATTERS

ii) Trilogues

(point 3.1 of the IRG record)

- ‘Clean energy’ package – Governance of the Energy Union – Amendment of Directive 94/22/EC, Directive 98/70/EC, Directive 2009/31/EC, Regulation (EC) 663/2009, Regulation (EC) 715/2009, Directive 2009/73/EC, Council Directive 2009/119/EC, Directive 2010/31/EU, Directive 2012/27/EU, Directive 2013/30/EU and Council Directive (EU) 2015/652 and repeal of Regulation (EU) 525/2013 (Regulation) – RIVASI / TURMES report – 2016/0375 (COD)

The Commission approved the line set out in SI(2018) 312/3.

- ‘Clean energy’ package – Promotion of the use of energy from renewable sources (Directive – recast) – BLANCO LÓPEZ report – 2016/0382 (COD)

The Commission approved the line set out in SI(2018) 313/2.

- ‘Clean energy’ package – Amendment of Directive 2012/27/EU on energy efficiency (Directive) – POCHE report – 2016/0376 (COD)

The Commission approved the line set out in SI(2018) 314/2.

- Framework for the free flow of non-personal data in the European Union (Regulation) – CORAZZA BILDT report – 2017/0228 (COD)

The Commission approved the line set out in SI(2018) 315.

- Rules on the exercise of copyright and related rights applicable to certain online transmissions of broadcasting organisations and retransmissions of television and radio (Regulation) – WÖLKEN report – 2016/0284 (COD)

The Commission approved the line set out in SI(2018) 316.

- Rules on the making available on the market of CE marked fertilising products and amendment of Regulations (EC) 1069/2009 and (EC) 1107/2009 (Regulation) – ȚURCANU report – 2016/0084 (COD)

The Commission approved the line set out in SI(2018) 320.

- Establishment of a single digital gateway to provide information, procedures, assistance and problem solving services, and amendment of Regulation (EU) 1024/2012 (Regulation) – MIZZI report – 2017/0086 (COD)

The Commission approved the line set out in SI(2018) 327.

- Establishment of ‘Eurodac’ for the comparison of fingerprints for the effective application of Regulation (EU) 604/2013 establishing the criteria and mechanisms for determining the Member State responsible for examining an application for international protection lodged in one of the Member States by a third-country national or a stateless person, for identifying an illegally staying third-country national or stateless person and on requests for the comparison with Eurodac data by Member States’ law enforcement authorities and Europol for law enforcement purposes (Regulation – recast) – MACOVEI report – 2016/0132 (COD)

The Commission approved the line set out in SI(2018) 293.

- Union Resettlement Framework and amendment of Regulation (EU) 516/2014 of the European Parliament and the Council (Regulation) – BJÖRK report – 2016/0225 (COD)

The Commission approved the line set out in SI(2018) 323/2.

- Standards for the qualification of third-country nationals or stateless persons as beneficiaries of international protection, for a uniform status for refugees or for persons eligible for subsidiary protection and for the content of the protection granted and amendment of Council Directive 2003/109/EC of 25 November 2003 concerning the status of third-country nationals who are long-term residents (Regulation) – FAJON report – 2016/0223 (COD)

The Commission approved the line set out in SI(2018) 324.

- Use of the Schengen Information System for the return of illegally staying third-country nationals / Establishment, operation and use of the Schengen Information System (SIS) in the field of border checks, amendment of Regulation (EU) 515/2014 and repeal of Regulation (EC) 1987/2006 / Establishment, operation and use of the Schengen Information System (SIS) in the field of police cooperation and judicial cooperation in criminal matters, amendment of Regulation (EU) 515/2014 and repeal of Regulation (EC) 1986/2006, Council Decision 2007/533/JHA and Commission Decision 2010/261/EU (Regulations) – LENAERS and COELHO reports – 2016/0407 (COD) / 2016/0408 (COD) / 2016/0409 (COD)

The Commission approved the line set out in SI(2018) 331.

- Veterinary medicinal products (Regulation) – GROSSETÊTE report – 2014/0257 (COD)

The Commission approved the line set out in SI(2018) 328.

iii) European Parliament dossiers – June 2018 part-session

(point 3.2 of the IRG record)

Ordinary legislative procedure – First reading

- Further macro-financial assistance to Ukraine (Decision) – WAŁĘSA report – 2018/0058 (COD)

The Commission took note of SP(2018) 371, further to note SI(2018) 236/2, which it had already approved on 16 May 2018.

- Proportionality test before adoption of new regulation of professions (Directive) – SCHWAB report – 2016/0404 (COD)

The Commission took note of SP(2018) 370, further to note SI(2018) 120/2, which it had already approved on 21 March 2018.

- Amendment of Directive 2006/1/EC on the use of vehicles hired without drivers for the carriage of goods by road (Directive) – MONTEIRO DE AGUIAR report – 2017/0113 (COD)

The Commission took note of SP(2018) 383.

Delegated acts

- Amendment of Delegated Regulation (EU) 2017/118 establishing fisheries conservation measures for the protection of the marine environment in the North Sea (Commission Delegated Regulation) – Objection under Article 105(3) of Parliament's Rules of Procedure – C(2018) 1194

The Commission took note of SP(2018) 384.

iv) Council dossiers

(point 3.3 of the IRG record)

(12 June 2018)

- Establishment of the European High Performance Computing Joint Undertaking (Council Regulation) – BALCYTIS report – 2018/0003 (NLE)

The Commission approved the line set out in SI(2018) 317/2.

- ‘VAT Action Plan’. Amendment of Regulation (EU) 904/2010 as regards the certified taxable person (Council Regulation) – ZĪLE report – 2017/0248 (CNS) / Amendment of Regulation (EU) 282/2011 as regards certain exemptions for intra-Community transactions (Council Implementing Regulation) – 2017/0249 (NLE) / Amendment of Directive 2006/112/EC as regards harmonising and simplifying certain rules in the value added tax system and introducing the definitive system for the taxation of trade between Member States (Council Directive) – KOFOD report – 2017/0251 (CNS)

The Commission approved the line set out in SI(2018) 330.

4.3. RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL

v) Programming of Council business

(SI(2018) 335)

The Commission took note of the information in SI(2018) 335 on the Council meetings between 14 and 27 June 2018.

vi) Non-legislative dossier

(point 4.1 of the IRG record)

- Situation and perspectives of the 11th European Development Fund reserve – African Peace Facility estimated funding requirements for the period 2019-2020 and possible coverage from European Development Fund sources

The Commission approved the line set out in SI(2018) 299 and /2.

vii) Latest developments in the Council

(point 4.4 of the IRG record)

- Draft Council Implementing Decision on the European Union Integrated Political Crisis Response (IPCR) Arrangements

The Commission noted that the dossier was postponed to a later meeting of the IRG.

4.4. RELATIONS WITH PARLIAMENT

viii) Action taken on the non-legislative resolutions adopted by Parliament at its March 2018 part-session

(point 5.6.2 of the IRG record)

The Commission approved, for transmission to Parliament, document SP(2018) 366/2 on the action taken on the non-legislative resolutions adopted by Parliament at its March 2018 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

ix) Follow-up to opinions of the European Economic and Social Committee – Plenary session of September 2017

(point 6.3.1 of the IRG record)

The Commission approved document SC(2018) 24/3 on the follow-up by the Commission to the opinions adopted by the European Economic and Social Committee during the September 2017 session, for transmission to that Committee.

5. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

5.1. WRITTEN PROCEDURES APPROVED

(SEC(2018) 300 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 4 and 8 June 2018.

5.2. EMPOWERMENT

(SEC(2018) 301 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 4 and 8 June 2018.

5.3. DELEGATION / SUBDELEGATION OF POWERS

(SEC(2018) 302 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 4 and 8 June 2018 archived in Decide.

5.4. SENSITIVE WRITTEN PROCEDURES

(SEC(2018) 303 AND /2)

The Commission took note of the sensitive written procedures for which the time limit expired between 11 and 15 June 2018 and of the finalisation written procedures initiated following the weekly meeting of Chefs de cabinet on Monday 11 June 2018.

6. DECISION OF THE PRESIDENT OF THE EUROPEAN COMMISSION ON THE SETTING UP OF THE PROJECT TEAM ON DEFENCE UNION (C(2018) 3796)

The Commission took note of the PRESIDENT's decision on setting up the Project Team on Defence Union, as set out in C(2018) 3796.

7. OTHER BUSINESS

MIGRATION SITUATION IN THE MEDITERRANEAN

At the PRESIDENT's request, Mr AVRAMOPOULOS reported on the situation in the Mediterranean following the Italian Government's refusal to allow the ship Aquarius, carrying 629 rescued migrants on board, to dock in Italy. He noted that the new Spanish Government had agreed to take in some of these migrants, all of whom would disembark in Valencia.

8. 2021-2027 MULTIANNUAL FINANCIAL FRAMEWORK – PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ESTABLISHING THE ASYLUM AND MIGRATION FUND (COM(2018) 471 TO /3; SWD(2018) 347 AND /2; SWD(2018) 348; SEC(2018) 315; RCC(2018) 107)

9. 2021-2027 MULTIANNUAL FINANCIAL FRAMEWORK – PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ESTABLISHING THE INTERNAL SECURITY FUND (COM(2018) 472 AND /2; SWD(2018) 347 AND /2; SWD(2018) 348; SEC(2018) 315; RCC(2018) 107)

10. **2021-2027 MULTIANNUAL FINANCIAL FRAMEWORK – PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ESTABLISHING, AS PART OF THE INTEGRATED BORDER MANAGEMENT FUND, THE INSTRUMENT FOR FINANCIAL SUPPORT FOR BORDER MANAGEMENT AND VISA**
(COM(2018) 473 TO /3; SWD(2018) 347 AND /2; SWD(2018) 348; SEC(2018) 315; RCC(2018) 107)
11. **2021-2027 MULTIANNUAL FINANCIAL FRAMEWORK – PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ESTABLISHING, AS PART OF THE INTEGRATED BORDER MANAGEMENT FUND, THE INSTRUMENT FOR FINANCIAL SUPPORT FOR CUSTOMS CONTROL EQUIPMENT**
(COM(2018) 474 AND /2; SWD(2018) 347 AND /2; SWD(2018) 348; SEC(2018) 315; RCC(2018) 107)
12. **2021-2027 MULTIANNUAL FINANCIAL FRAMEWORK – PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ESTABLISHING THE NEIGHBOURHOOD, DEVELOPMENT AND INTERNATIONAL COOPERATION INSTRUMENT**
(COM(2018) 460 AND /2; SWD(2018) 337; SEC(2018) 310; RCC(2018) 104)
13. **2021-2027 MULTIANNUAL FINANCIAL FRAMEWORK – PROPOSAL FOR A COUNCIL REGULATION ESTABLISHING A EUROPEAN INSTRUMENT FOR NUCLEAR SAFETY COMPLEMENTING THE NEIGHBOURHOOD, DEVELOPMENT AND INTERNATIONAL COOPERATION INSTRUMENT ON THE BASIS OF THE EURATOM TREATY**
(COM(2018) 462 AND /2; SWD(2018) 337; SEC(2018) 310; RCC(2018) 104)
14. **2021-2027 MULTIANNUAL FINANCIAL FRAMEWORK – PROPOSAL FOR A COUNCIL DECISION ON THE ASSOCIATION OF THE OVERSEAS COUNTRIES AND TERRITORIES WITH THE EUROPEAN UNION**

INCLUDING RELATIONS BETWEEN THE EUROPEAN UNION ON THE ONE HAND, AND GREENLAND AND THE KINGDOM OF DENMARK ON THE OTHER ('OVERSEAS ASSOCIATION DECISION')

(COM(2018) 461 AND /2; SWD(2018) 337; SEC(2018) 310; RCC(2018) 104)

- 15. 2021-2027 MULTIANNUAL FINANCIAL FRAMEWORK – PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ESTABLISHING THE INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA III)**

(COM(2018) 465 AND /2; SWD(2018) 337; SEC(2018) 310; RCC(2018) 104)

- 16. 2021-2027 MULTIANNUAL FINANCIAL FRAMEWORK – COMMUNICATION TO THE COMMISSION – COMMISSION SUPPORT TO THE PROPOSAL FROM THE HIGH REPRESENTATIVE OF THE UNION FOR FOREIGN AFFAIRS AND SECURITY POLICY FOR A COUNCIL DECISION ESTABLISHING A EUROPEAN PEACE FACILITY**

(C(2018) 3800; RCC(2018) 104)

- 17. 2021-2027 MULTIANNUAL FINANCIAL FRAMEWORK – PROPOSAL FOR A COUNCIL REGULATION ESTABLISHING A DEDICATED FINANCIAL PROGRAMME FOR DECOMMISSIONING OF NUCLEAR FACILITIES AND MANAGEMENT OF RADIOACTIVE WASTE, AND REPEALING COUNCIL REGULATION (EURATOM) 1368/2013**

(COM(2018) 467 AND /2; SWD(2018) 343 AND /2; RCC(2018) 106)

- 18. 2021-2027 MULTIANNUAL FINANCIAL FRAMEWORK – PROPOSAL FOR A COUNCIL REGULATION ESTABLISHING THE NUCLEAR DECOMMISSIONING ASSISTANCE PROGRAMME OF THE IGNALINA NUCLEAR POWER PLANT IN LITHUANIA (IGNALINA PROGRAMME), AND REPEALING COUNCIL REGULATION (EU) 1369/2013**

(COM(2018) 466 AND /2; SWD(2018) 342; RCC(2018) 106)

- 19. 2021-2027 MULTIANNUAL FINANCIAL FRAMEWORK – PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ESTABLISHING THE EUROPEAN DEFENCE FUND (COM(2018) 476 AND /2; SWD(2018) 345 AND /2; SEC(2018) 314; RCC(2018) 103)**
- 20. 2021-2027 MULTIANNUAL FINANCIAL FRAMEWORK – PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON THE EUROPEAN MARITIME AND FISHERIES FUND AND REPEALING REGULATION (EU) 508/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL (COM(2018) 390 TO /3; SWD(2018) 295; SEC(2018) 276; RCC(2018) 109)**

The PRESIDENT asked Mr OETTINGER to outline the third and last wave of sectoral legislative proposals submitted to the College for approval in connection with the upcoming Multiannual Financial Framework for the period 2021 to 2027.

Mr OETTINGER reminded the meeting that the general guidelines defined in the proposal for a Multiannual Financial Framework adopted by the Commission on 2 May needed to be translated into proposals for specific legal bases for each sector and programme. The first two waves of proposals had been adopted on 29 May and 6 June respectively, and today the College was examining the third and last wave of proposals. He pointed out that once the Commission adopted this third wave, this would mean that the entire package for the 2021-2027 Multiannual Financial Framework would have been presented in the space of six weeks, without any delay and amid very broad consensus, whereas the 2014-2020 Multiannual Financial Framework had required six months of negotiations.

He then summarised the thirteen legislative proposals in this third wave, some of which would be adopted by finalisation written procedure and presented by the Commissioners responsible at press conferences in the next few days.

Mr OETTINGER firstly referred to the proposals relating to the **management of the external borders and migratory flows**, highlighting the fact that, in order to address the challenges that would remain in place in the years to come, the Commission was proposing to nearly treble their budget allocation from EUR 13 billion to almost EUR 35 billion for 2021 to 2027. The main aims of the proposals, to be achieved by means of three instruments, were to promote a European asylum and migration policy that was sound, realistic and balanced, put in place effective border and visa management, specifically through the new Fund for Integrated Border Management, and establish an effective and humane return policy for illegal migrants. He also emphasised the flexibility that was built into these proposals, which would allow for a coordinated response in the event of a crisis, as well as the expected synergies with instruments in other EU policy areas.

In this first group of proposals, he highlighted the proposal to create a permanent pool of around 10 000 border guards, which would bolster the European Border and Coast Guard Agency and support Member States financially and operationally.

Secondly, Mr OETTINGER referred to the five proposals relating to the **neighbourhood and the rest of the world**, highlighting the fact that the budget envelope allocated to external action would stand at EUR 123 billion for 2021 to 2027, an increase of around 30%. Aside from the flexibility and simplified nature of these proposals, he explained that they were designed to increase transparency and democratic scrutiny of the corresponding instruments, particularly by integrating the European Development Fund into the EU budget. The instruments in question were the Neighbourhood, Development and International Cooperation Instrument, the European Instrument for Nuclear Safety, the Instrument for Pre-Accession Assistance, the Humanitarian Aid Instrument and the European Peace Facility.

Thirdly, he explained that the aim of the two proposals relating to the **decommissioning of nuclear facilities** was to dismantle three first-generation plants – Bohunice in Slovakia, Kozloduy in Bulgaria and Ignalina in Lithuania – by 2025, 2030 and 2038 respectively.

His fourth point related to the significant increase in the planned internal security efforts, with a EUR 2.5 billion allocation to the **Internal Security Fund**.

He then pointed to the proposal to create a **European Defence Fund**, to which EUR 13 billion had been allocated for 2021 to 2027; following on from the ongoing pilot phase, the Fund would contribute to the EU's strategic autonomy, strengthen the competitiveness of the European defence industry, support research and development, including for disruptive technologies, and help bridge the technology gaps between Member States. He noted that a budget envelope of EUR 4.1 million was due to be allocated to military research, without compromising civilian research, and that EUR 8.9 million was due to be allocated to development projects.

His sixth point concerned the proposal relating to the **European Maritime and Fisheries Fund**, the aim of which was to continue to support more sustainable fishing practices, free up growth potential in the blue and sustainable economies and, for the first time, strengthen international ocean governance. He pointed out that the Commission was proposing that EUR 6.14 billion be allocated to this - simpler and more flexible - fund.

With a view to the upcoming European Council meeting on 28 and 29 June during which the PRESIDENT would present the 2021-2027 Multiannual Financial Framework proposed by the Commission, Mr OETTINGER highlighted the importance of making EU Heads of State or Government aware of the need to give this set of proposals utmost priority.

The PRESIDENT congratulated Mr OETTINGER and his departments for the huge task accomplished and highlighted the efficiency and constructive spirit that had prevailed throughout the extensive preparatory work carried out. He noted that the College was in agreement on the whole third wave of sector-specific legislative proposals from the Commission under the Multiannual Financial Framework; these proposals were fully in line with the guidelines adopted in the Communication of 2 May.

Following this presentation and subject to a final general clean-up of the texts, the Commission:

- adopted the proposal for a Regulation establishing the Asylum and Migration Fund set out in COM(2018) 471/3, for transmission to Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions and the national parliaments, together with the impact assessment, the summary thereof and the opinion of the Regulatory Scrutiny Board in SWD(2018) 347/2, SWD(2018) 348 and SEC(2018) 315, the contents of which were noted;
- adopted the proposal for a Regulation establishing, as part of the Integrated Border Management Fund, the instrument for financial support for border management and visa set out in COM(2018) 473/3, for transmission to Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions and the national parliaments, together with the impact assessment, the summary thereof and the opinion of the Regulatory Scrutiny Board in SWD(2018) 347/2, SWD(2018) 348 and SEC(2018) 315, the contents of which were noted;
- adopted the proposal for a Regulation establishing, as part of the Integrated Border Management Fund, the instrument for financial support for customs control equipment set out in COM(2018) 474/2, for transmission to Parliament, the Council, the European Economic and Social Committee and the national parliaments and, for information, to the Committee of the Regions, together with the impact assessment, the summary thereof and the opinion of the Regulatory Scrutiny Board in SWD(2018) 347/2, SWD(2018) 348 and SEC(2018) 315, the contents of which were noted;
- adopted the proposal for a Regulation on the European Maritime and Fisheries Fund and repealing Regulation (EU) 508/2014 of the European Parliament and of the Council set out in COM(2018) 390/3, for transmission to Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions and the national parliaments and, for information, to the European Data

Protection Supervisor, together with the impact assessment and the opinion of the Regulatory Scrutiny Board in SWD(2018) 295 and SEC(2018) 276, the contents of which were noted.

In addition, on a proposal by the PRESIDENT, the Commission confirmed that:

- the proposals for a Regulation and the Communication to the Commission in COM(2018) 472/2, COM(2018) 467/2, COM(2018) 466/2, COM(2018) 476/2 and C(2018) 3800 would be formally adopted by finalisation written procedure, the deadline for which was set at 10.00 on Wednesday 13 June 2018 (PE/2018/3959, PE/2018/3964, PE/2018/3963, PE/2018/3990 and PE/2018/3981);
- the proposals for a Regulation or a Decision in COM(2018) 460/2, COM(2018) 462/2, COM(2018) 461/2 and COM(2018) 465/2 would be formally adopted by finalisation written procedure, the deadline for which was set at 10.00 on Thursday 14 June 2018 (PE/2018/3939, PE/2018/3938, PE/2018/3937 and PE/2018/3944).

21. OTHER BUSINESS (CONTINUED)

21.1. RESULTS OF THE G7 SUMMIT (CHARLEVOIX, 8 AND 9 JUNE)

The PRESIDENT briefed the Commission on the results of the G7 summit, which had taken place on 8 and 9 June in Charlevoix, Canada. In organisational terms it had gone exceptionally well, but the atmosphere was strained.

He referred briefly to the discussions on the summit agenda, which focused mainly on relations with Russia, the Iran nuclear agreement, combating climate change, artificial intelligence, protecting the oceans, and gender equality. Of all the topics discussed, it was trade that gave rise to the most vigorous exchanges, following the decision by the President of the

United States to impose additional customs duties on aluminium and steel imports on the grounds that they threatened US national security. It was considered increasingly likely that a similar decision would also be taken in respect of imports of motor vehicles to the United States.

The PRESIDENT said that to help defuse the tension, he had provided the US President with figures illustrating the objective reality of trade between the United States and the European Union, and had stressed the need to go beyond trade in traditional goods and also include services and investments in the figures. He explained that by taking account of the profits made by US multinationals active in these two sectors on EU territory, the EU trade balance was actually in deficit vis-à-vis the United States. He said that he was prepared to meet the US President to discuss the figures in detail. On this point, he asked the Members for their opinion on the feasibility of such an approach and the form it should take.

Regarding the EU response to the customs duties imposed by the United States authorities on aluminium and steel from 1 June 2018, Ms MALMSTRÖM confirmed that the EU was liaising closely with Canada, Japan and Mexico, and would impose additional rebalancing duties from 21 June, with Canada poised to do likewise the same week. Japan was also preparing its own countermeasures.

She also noted that work alongside the United States to reform the World Trade Organisation had got off to an auspicious start. An official meeting on the issue would take place after the summer break.

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

- the fact that the US had adopted a position towards Europe that was without precedent since the Second World War and, consequently, warranted a response fully commensurate with the stakes;

- the calling into question by the current US President of multilateral bodies, including the World Trade Organisation and the European Union, which he seemed to regard as impediments to the full and complete expression of US economic power;
- the crucial need for unity among the EU Member States; the desirability and need for the EU to increase its autonomy vis-à-vis the United States;
- the need to make an overall, quantified assessment of economic relations between the United States and the EU, including services and investments;
- the case for exploring the plan outlined by the US President at the G7 summit to scrap all customs tariffs, bearing in mind that, in such a scenario, Japan would want to be involved in the negotiations and care would need to be taken not to jeopardise the Trade Agreement that the EU was about to sign with Japan in July, particularly since it could also have repercussions for agreements that the EU was in the process of negotiating with Australia and New Zealand.

The Commission took note of this information.

21.2. STATE AID

Mr DOMBROVSKIS and Ms VESTAGER informed the College of a State aid decision which would possibly be proposed for adoption by written procedure in the coming days.

21.3. REPORT ON THE ASSESSMENT OF THE FISCAL STANCE APPROPRIATE FOR THE EURO AREA IN 2019 – PRESENTATION BY MR NIELS THYGESEN, CHAIR OF THE INDEPENDENT EUROPEAN FISCAL BOARD (SEC(2018) 321)

The PRESIDENT welcomed Professor Niels THYGESEN, Chair of the independent European Fiscal Board, and invited him to present to the College the report on the Board's assessment of the fiscal stance appropriate for the euro area in 2019.

Mr THYGESEN thanked the PRESIDENT for the mandate he had given him as head of the independent European Fiscal Board. He stressed that the autonomy he enjoyed and the access to information from the Commission services had been extremely useful for the Board's analyses and assessments.

This report presented to the College was an ex-ante assessment of the fiscal stance appropriate for the euro area which would be published on 18 June. In the weeks ahead, the report would also be presented to the Committee on Economic and Monetary Affairs of the European Parliament, national civil servants in the ministries of the Member States, and the Eurogroup.

This assessment covered two important matters: the euro area fiscal stance for 2019, on the one hand, and on the other the innovations regarding fiscal governance and the joint instruments represented by, for example, the recent Commission proposal establishing a European Investment Stabilisation Function. Although these two matters had different timetables, the Board's report highlighted their complementarity and the benefit of addressing them together as quickly as possible.

He noted that the two regulations of the 'two-pack' adopted following the 2008 financial crisis made it possible to analyse whether the fiscal stance of the euro area as a whole met its macro-economic needs. However, the only way to adjust this overall stance was to modify, preferably on a differentiated basis, the fiscal stance recommendations addressed to certain Member States. The definition of fiscal stance for the euro area had long been treated as secondary to the national recommendations, rather than as one of the foundations of policy development. The independent European Fiscal Board had admittedly shared this approach when drafting its first report published in

June 2017, in which it had concluded that the fiscal stance for the euro area in 2018 was appropriate. For 2018, the Board had recommended a neutral fiscal stance in terms quite close to the positions subsequently adopted by the Commission and the Council, albeit while highlighting the need for differentiated national policies, hence the challenge of reconciling the overall recommendations with the national recommendations.

In the previous year all the institutions had underestimated the scale of economic growth in the euro area. The Board now felt that with this continued expansion in 2019, three important arguments militated in favour of a more central role for the fiscal stance for the euro area and of a more precise recommendation than the now almost ritual calls for a neutral or almost ritual fiscal stance.

Firstly, the robust economic growth in the euro area continued to outstrip the forecasts, resulting in a positive output gap already in 2018 and also for 2019. Moreover, for those who shared the Board's view that the output gap was not enough of an indicator to produce recommendations, unemployment was returning to levels recorded during previous expansion peaks.

Secondly, the differences between national growth rates were currently the smallest since the introduction of the euro two decades ago, making it more fitting to use the term 'European economy'.

Thirdly, unlike in previous years, in 2019 there was no longer an opposition between strict compliance with fiscal rules in the draft national budgets in accordance the country-specific recommendations and the prudent fiscal stance deemed appropriate.

These three arguments – stronger-than-expected growth, greater homogeneity between the countries, and the opportunity to finally reconcile global and national perspectives – had persuaded the Board that the fiscal stance recommendation for the euro area provided a useful instrument to promote a

global policy more robustly and encourage the Member States to adhere to the budgetary rules at national level.

The Fiscal Board felt that the circumstances clearly justified a change with respect to the recommendation made in recent years of an almost neutral stance, and that a moderately restrictive stance was now called for. The difference between these two stances was modest, but the latter provided a better reflection of the euro area's confidence and strong economic expansion. It was therefore a question not of adjusting the stance in quantitative terms, but of marking a change in tone.

On this point, the Board's annual report of November 2017 had defended the need to adapt fiscal rules at national level to allow exceptions not only when economic growth was disappointing, but also where it exceeded forecasts, as exemplified in 2018 and 2019. Such periods of growth provided opportunities to restore fiscal margins by allowing automatic fiscal stabilisers to play in full their role of consolidating the structural primary balances through the pursuit of counter-cyclical rather than pro-cyclical fiscal policies. There was all the more reason for applying such an approach when the economy was operating at or above potential, as shown by the various indicators used by the Board and as confirmed by the projections both of the Organisation for Economic Cooperation and Development and the International Monetary Fund for 2019.

In this context, he noted there was a risk that the years of very good economic performance, 2018 and 2019, could be lost years in terms of fiscal consolidation. The substantial improvement in nominal fiscal positions expected in 2018 and 2019 owing to a favourable economic cycle and very low borrowing rates had been largely or even totally offset by a deterioration in the structural budget balance. In each of these two years the structural primary budget balance for the euro area was likely to deteriorate by 0.4 points of total gross domestic product under a no-policy-change scenario. He concluded in this regard that current budgetary trends suggested the

mistakes made before the financial crisis were being repeated. The Board thus advocated a somewhat restrictive fiscal stance for 2019.

Although the period of economic expansion had led to approximation of economic performance among euro area countries, differentiation by country remained necessary. On this point, it was worrying that pro-cyclical expansionist policies had been implemented in 2018 and 2019 in countries with high debt levels where the sustainability of the debt remained a cause for concern. Even if the country-specific recommendations took account of this problem, spelling out the need for a somewhat restrictive fiscal stance for the euro area would allow greater emphasis to be placed on this important issue, which had been raised in the recommendations addressed to some Member States.

Mr THYGESEN explained that the Board was well aware of the issues arising from such a change in approach and of the criticism that would probably be levelled at the Commission in its discussions with the Member States in November if it took a similar position. He recalled that, in its 2017 annual report, the Board had stated that it understood the way in which the Commission had applied the margins of flexibility during the 2016 European Semester monitoring exercise, when the economic recovery had still appeared fragile. The Board had considered that no glaring errors had been made when adopting the relatively lenient decisions on some countries, although greater transparency in procedures would have been desirable. However, the economic situation had since changed, and it would therefore be paradoxical to apply the same degree of flexibility. He added that it would also be difficult to justify, from an economic standpoint, postponing fiscal consolidation to 2020 or beyond, which would probably make it far more painful.

The events of recent months had shown that some observers were justified in doubting the strength of economic growth was and its pursuit. However, weaker demand in the first quarter was now recognised as being the result of

cyclical factors, and the risk of protectionist trade policies was less of a worry in so far as the current economic expansion was more a result of growth in domestic demand within the EU. He also pointed out that the European Central Bank would begin to increase rates only in the course of 2019 and at a very moderate pace, and that a simultaneous tightening of fiscal and monetary policy was highly unlikely. He therefore encouraged the Commission to be sufficiently confident in its forecasts to state clearly that fiscal policies were becoming too expansionary and that a somewhat restrictive fiscal stance should be pursued by the euro area in 2019.

Mr THYGESEN then outlined the first steps proposed to establish a euro area stabilisation function, which, together with fiscal governance, should have been among the key issues discussed by the European Council at its next meeting in June. However, the Heads of State or Government would focus on the next stages of the Banking Union. He regretted that the Banking Union had overshadowed the two fundamental fiscal issues of modernising and simplifying fiscal rules at national level, as well as creating a euro area stabilisation function, which had been postponed beyond 2020. He pointed out that the Board would return to a detailed review of the rules in its annual report in October, restricting itself to certain core elements of the joint stabilisation function and to the reasons why it did not seem prudent to delay the necessary clarification of these aspects.

He noted that opinions on the stabilisation function differed considerably, in particular between euro area governments. On this point, the Board considered setting up a well-designed stabilisation function to be a key part of making the euro area more resilient and that the challenges facing the system of fiscal governance could intensify from 2020 and leave the euro area no other choice but to resort to ad hoc initiatives. He recalled that the emergency measures adopted in 2009 and 2010 had exposed the weakness of some Member States engaging in poorly differentiated fiscal expansion, which had led to a sharp pro-cyclical contraction and a second recession.

He explained that the lines of defence put in place in the period following the crisis, including the establishment of a permanent safety net in the European Stability Mechanism, as well as the interventions of the European Central Bank and the progress achieved on the Banking Union, could not replace the creation of a euro area stabilisation function. Such a function was necessary to counteract significant shocks before they deteriorated into a larger-scale economic crisis, so that these shocks could be absorbed by national fiscal policies and private mechanisms. The likelihood that the European Central Bank did not yet have enough room for manoeuvre to reduce rates and implement an expansionary monetary policy in case of major economic contraction also made it more urgent to devise a stabilisation function.

He added that two elements were key in setting up this innovation in fiscal governance, i.e. the size of the stabilisation function and the procedure for triggering it.

With regard to the size of a future stabilisation mechanism, the Board had reviewed various estimates and concluded that the minimum level of resources needed in order to have the desired effect was around 0.5% of the euro area's gross domestic product.

As regards the procedure for triggering a future stabilisation fund, it was desirable to use one or more objective indicators of national performance. The Commission's idea was to have a trigger mechanism that was as automatic as possible so as to minimise the risk of partial treatment. However, the Board considered that total reliance on an automatic trigger was unrealistic because there would always be a margin of discretion for indicators. For instance, it would be necessary to determine why unemployment was up and to assess the role played by supply-side factors on the labour market. In order to access a stabilisation fund, each Member State would have to comply with fiscal rules at national level. An economic assessment would have to be made of this aspect too. Lastly, a common stabilisation function could not replace a

national fiscal effort; instead, it should be seen as complementary.

Against that background, the Member States' determination to comply with fiscal rules at national level and the Commission's commitment to its supervisory role would be crucial in determining whether a stabilisation function were developed or not. It was also important that a Member State's eligibility for the fund should be contingent on compliance with fiscal rules at national level. This would be a positive incentive, as opposed to a system of penalties which, as experience had shown, was difficult to put into practice.

2019 would be a major test; if the euro area's aggregate fiscal stance once again pursued pro-cyclical expansion, without the Commission or the Council taking measures, this would lessen confidence in the euro area's capacity to conduct a joint stabilisation effort effectively and prudently.

With a view to promoting synergies between national supervision and overall supervision, fiscal rules at national level should be critically examined and simplified. The Board had already put forward some suggestions in this connection in its 2017 annual report and would return to the issue in its 2018 annual report; it would have to be addressed in the near future given that risk reduction had to be effected primarily by national fiscal efforts, complemented by risk sharing that only joint action could ensure.

Lastly, he supported the Commission's initiative of preparing the legal ground for the creation of a European stabilisation mechanism for investments which would receive funding in the next multiannual financial framework. In his view, this was a necessary first step before creating a large-scale stabilisation function based on national contributions to an insurance fund and on loans from the European Stability Mechanism under more flexible conditions than those that were applied in the context of a crisis programme.

He concluded with the observation that the size of the mechanism envisaged by the Commission was too small and that the procedure for triggering it had

to be refined, including in terms of its interaction with fiscal rules at national level. He recommended that the Commission take these weaknesses into account at the earliest possible stage of the design process for the stabilisation function.

Mr DOMBROVSKIS thanked Mr THYGESEN for the quality of the Board's assessment of the euro area's fiscal stance, which confirmed his view that the current economic growth provided the euro area with a unique opportunity to restore its fiscal margins. There was considerable common ground between the approach adopted by the Commission in the context of the European Semester and the analyses of the independent European Fiscal Board.

In particular, Member States with a significant level of debt should take steps to reduce it while the good times lasted. When it evaluated the Member States' draft budgets and issued its recommendation for the euro area's fiscal stance this autumn, the Commission would take the Board's assessment into account.

He also thanked Mr THYGESEN for his generally positive evaluation of the proposal for a European investment stabilisation mechanism and for identifying its weaknesses. The Commission would take these comments on board in the ongoing discussions and when implementing the proposal.

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

- for some, it was important to take advantage of the current period of economic growth to restore the euro area's fiscal margins and make it more resilient in future crises;
- for others, the labour market situation continued to give rise to concern. In spite of the downturn in unemployment, the number of hours worked had still not returned to levels in 2007, i.e. before the financial crisis;

(12 June 2018)

- in that context, the need for truly inclusive economic growth and for this to be taken into account when assessing the fiscal effort to be made by the euro area;
- consideration should be given to increasing investment in research or education, since the economic situation allowed it.

The PRESIDENT wound up the discussion by thanking Mr THYGESEN for the quality of the assessment of the fiscal stance appropriate for the euro area which he had presented and which the Commission would draw on when it prepared the 2019 European Semester this autumn. He invited him to report on the work of the Board in October or November when its next annual report would be published.

The Commission took note of this information and these conclusions.

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

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The meeting closed at 15.00.