



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2020) 2339 final
- English language version of the French text which is authentic -

Brussels, 24 June 2020

TEXTE EN

MINUTES

of the 2339th meeting of the Commission
held in Brussels
(Berlaymont)
on Wednesday 27 May 2020
(morning)

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Single sitting: Wednesday 27 May 2020 (morning)

The sitting opened at 9.15 with Ms von der LEYEN, President, in the chair.

Present:

Ms von der LEYEN	President
Mr TIMMERMANS	Executive Vice-President
Ms VESTAGER	Executive Vice-President
Mr DOMBROVSKIS	Executive Vice-President
Mr BORRELL i FONTELLES	High Representative / Vice-President
Mr ŠEFČOVIČ	Vice-President
Ms JOUROVÁ	Vice-President
Ms ŠUICA	Vice-President
Mr SCHINAS	Vice-President
Mr HAHN	Member
Mr HOGAN	Member
Ms GABRIEL	Member
Mr SCHMIT	Member
Mr GENTILONI	Member
Mr WOJCIECHOWSKI	Member
Mr BRETON	Member
Ms FERREIRA	Member
Ms KYRIAKIDES	Member
Mr REYNDERS	Member
Ms DALLI	Member
Ms JOHANSSON	Member
Mr LENARČIČ	Member
Ms VÁLEAN	Member
Mr VÁRHELYI	Member
Ms URPILAINEN	Member
Ms SIMSON	Member
Mr SINKEVIČIUS	Member

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The following also sat in:

Mr SEIBERT	Chef de cabinet to the PRESIDENT	
Mr ROMERO REQUENA	Director-General, Legal Service	
Ms AHRENKILDE HANSEN	Director-General, DG Communication	
Mr MAMER	Head of the Spokesperson's Service and Chief Spokesperson of the Commission	
Mr LEARDINI	Deputy Secretary-General	
Ms RISO	Deputy Chef de cabinet to the PRESIDENT	
Mr FLOSDORFF	Executive Adviser in the PRESIDENT's Office	
Ms PETKOVA	Director of Coordination and Administration in the PRESIDENT's Office	
Mr SMITH	Policy Coordinator in the PRESIDENT's Office	
Mr MUELLER	Chef de cabinet to Mr HAHN	
Ms ALLOUIS-LE LOSTEC	Secretariat-General	
Mr HEMMELGARN	Secretariat-General	Items 8/31 (in part)
Mr KOOPMAN	Director-General, DG Budget	

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

1. AGENDAS

(OJ(2020) 2339/FINAL; SEC(2020) 2339/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(2020) 2339)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 25 and Tuesday 26 May 2020 both in person and by videoconference and teleconference.

3. APPROVAL OF THE MINUTES OF THE 2334TH, 2335TH, 2336TH, 2337TH AND 2338TH MEETINGS OF THE COMMISSION (22 AND 29 APRIL, AND 6, 13 AND 20 MAY 2020)

(PV(2020) 2334; PV(2020) 2335; PV(2020) 2335, 2ND PART)

The Commission approved the minutes of its 2334th and 2335th meetings and decided to hold over approval of the minutes of its 2336th, 2337th and 2338th meetings for a later meeting.

4. INTERINSTITUTIONAL RELATIONS

(RCC(2020) 72)

The Commission took note of the record of the virtual meeting of the Interinstitutional Relations Group (IRG) during the week of 18 to 20 May 2020 (RCC(2020) 72).

It paid particular attention to the following points.

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RELATIONS WITH PARLIAMENT

Results of Parliament's May I 2020 part-session

(SP(2020) 196)

The Commission took note of the information on Parliament's part-session held from 13 to 15 May 2020 in Brussels, set out in SP(2020) 196.

5. COORDINATION OF EXTERNAL ACTION

(RCC(2020) 66)

The Commission took note of the operational conclusions in RCC(2020) 66 of the meeting of the Group for External Coordination (EXCO) held by videoconference and teleconference on Wednesday 20 May 2020.

6. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

6.1. WRITTEN PROCEDURES APPROVED

(SEC(2020) 176 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 18 and 23 May 2020.

6.2. EMPOWERMENT

(SEC(2020) 177 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 18 and 20 May 2020.

6.3. DELEGATION / SUBDELEGATION OF POWERS

(SEC(2020) 178 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 18 and 24 May 2020 archived in Decide.

6.4. *SIGNIFICANT WRITTEN PROCEDURES*

(SEC(2020) 179 AND /2)

The Commission took note of the significant written procedures for which the time limit expired between 25 and 29 May 2020.

7. ADMINISTRATIVE AND BUDGETARY MATTERS

(SEC(2020) 180/2)

ADMINISTRATIVE MATTERS

(PERS(2020) 42)

7.1. DG JUSTICE AND CONSUMERS – APPOINTMENT OF AN INTERIM ADMINISTRATIVE DIRECTOR OF THE EUROPEAN PUBLIC PROSECUTOR'S OFFICE

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

- to transfer in the interest of the service, under Article 7 of the Staff Regulations, Mr Richard SONNENSCHNEIN, currently Principal Security Adviser in DG Human Resources and Security, to the post of Principal Adviser in charge of Strategies for the Development of Justice Policies in DG Justice and Consumers;
- to appoint Mr Richard SONNENSCHNEIN to the post of Interim Administrative Director of the European Public Prosecutor's Office until the Administrative Director took up his duties.

These decisions would take effect on 1 June 2020.

**7.2. COMMISSION DECISIONS ON POST TERM-OF-OFFICE ACTIVITIES
OF A FORMER MEMBER OF THE COMMISSION
(C(2020) 9022; C(2020) 9023)**

The Commission adopted the Decisions set out in C(2020) 9022 and C(2020) 9023.

The Commission specifically decided that the professional activities envisaged by Mr Karmenu VELLA after leaving office as a Member of the Commission were compatible with Article 245(2) of the Treaty on the Functioning of the European Union and with the Code of Conduct for Commissioners, subject to certain specific conditions and obligations.

- 8. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE EUROPEAN COUNCIL, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE, AND THE COMMITTEE OF THE REGIONS – EUROPE’S MOMENT: REPAIR AND PREPARE FOR THE NEXT GENERATION
(COM(2020) 456 TO /3; SWD(2020) 98; RCC(2020) 80)**
- 9. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE EUROPEAN COUNCIL, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE, AND THE COMMITTEE OF THE REGIONS – THE EU BUDGET; POWERING THE RECOVERY PLAN FOR EUROPE
(COM(2020) 442 TO /3; RCC(2020) 79)**
- 10. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS – ADJUSTED COMMISSION WORK PROGRAMME 2020
(COM(2020) 440 TO /3; RCC(2020) 80)**

- 11. PROPOSAL FOR A COUNCIL REGULATION ESTABLISHING A EUROPEAN UNION RECOVERY INSTRUMENT TO SUPPORT THE RECOVERY IN THE AFTERMATH OF THE COVID-19 PANDEMIC
(COM(2020) 441 TO /3; RCC(2020) 79)**
- 12. AMENDED PROPOSAL FOR A COUNCIL REGULATION LAYING DOWN THE MULTIANNUAL FINANCIAL FRAMEWORK FOR THE YEARS 2021 TO 2027
(COM(2020) 443 TO /3; RCC(2020) 79)**
- 13. AMENDED PROPOSAL FOR AN INTERINSTITUTIONAL AGREEMENT BETWEEN THE EUROPEAN PARLIAMENT, THE COUNCIL AND THE COMMISSION ON BUDGETARY DISCIPLINE, ON COOPERATION IN BUDGETARY MATTERS AND ON SOUND FINANCIAL MANAGEMENT
(COM(2020) 444; RCC(2020) 79)**
- 14. AMENDED PROPOSAL FOR A COUNCIL DECISION ON THE SYSTEM OF OWN RESOURCES OF THE EUROPEAN UNION
(COM(2020) 445 TO /3; RCC(2020) 79)**
- 15. PROPOSAL FOR A COUNCIL REGULATION AMENDING COUNCIL REGULATION (EU, EURATOM) 1311/2013 LAYING DOWN THE MULTIANNUAL FINANCIAL FRAMEWORK FOR THE YEARS 2014-2020
(COM(2020) 446 AND /2; RCC(2020) 79)**
- 16. AMENDED PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ESTABLISHING HORIZON EUROPE – THE FRAMEWORK PROGRAMME FOR RESEARCH AND INNOVATION, LAYING DOWN ITS RULES FOR PARTICIPATION AND DISSEMINATION, DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON ESTABLISHING THE SPECIFIC PROGRAMME IMPLEMENTING HORIZON EUROPE – THE FRAMEWORK PROGRAMME FOR RESEARCH AND INNOVATION, REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

ESTABLISHING THE NEIGHBOURHOOD, DEVELOPMENT AND INTERNATIONAL COOPERATION INSTRUMENT, REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ESTABLISHING RULES ON SUPPORT FOR STRATEGIC PLANS TO BE DRAWN UP BY MEMBER STATES UNDER THE COMMON AGRICULTURAL POLICY (CAP STRATEGIC PLANS) AND FINANCED BY THE EUROPEAN AGRICULTURAL GUARANTEE FUND (EAGF) AND BY THE EUROPEAN AGRICULTURAL FUND FOR RURAL DEVELOPMENT (EAFRD) AND REPEALING REGULATION (EU) 1305/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AND REGULATION (EU) 1307/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

(COM(2020) 459 AND /2; RCC(2020) 79)

- 17. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AMENDING REGULATION (EU) 223/2014 AS REGARDS THE INTRODUCTION OF SPECIFIC MEASURES FOR ADDRESSING THE COVID-19 CRISIS (FEAD)**

(COM(2020) 223 AND /2; RCC(2020) 79)

- 18. AMENDED PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ESTABLISHING THE JUST TRANSITION FUND**

(COM(2020) 460 AND /2; RCC(2020) 79)

- 19. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AMENDING REGULATION (EC) 1257/96 OF 20 JUNE 1996 CONCERNING HUMANITARIAN AID**

(COM(2020) 461 AND /2; RCC(2020) 79)

- 20. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ESTABLISHING A RECOVERY AND RESILIENCE FACILITY**
(COM(2020) 408 TO /3; RCC(2020) 78)
- 21. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ESTABLISHING A TECHNICAL SUPPORT INSTRUMENT**
(COM(2020) 409 AND /2; RCC(2020) 78)
- 22. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AMENDING REGULATION (EU) 2015/1017 AS REGARDS CREATION OF A SOLVENCY SUPPORT INSTRUMENT**
(COM(2020) 404 TO /3; RCC(2020) 75)
- 23. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ESTABLISHING THE INVESTEU PROGRAMME**
(COM(2020) 403 TO /3; RCC(2020) 75)
- 24. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AMENDING REGULATION (EU) 2017/1601 ESTABLISHING THE EUROPEAN FUND FOR SUSTAINABLE DEVELOPMENT (EFSD), THE EFSD GUARANTEE AND THE EFSD GUARANTEE FUND**
(COM(2020) 407 AND /2; RCC(2020) 75)
- 25. AMENDED PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON THE EUROPEAN SOCIAL FUND PLUS (ESF+)**
(COM(2020) 447 AND /2; RCC(2020) 76)
- 26. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AMENDING REGULATION (EU) 1303/2013 AS REGARDS EXCEPTIONAL ADDITIONAL RESOURCES AND**

IMPLEMENTING ARRANGEMENTS UNDER THE INVESTMENT FOR GROWTH AND JOBS GOAL TO PROVIDE ASSISTANCE FOR FOSTERING CRISIS REPAIR IN THE CONTEXT OF THE COVID-19 PANDEMIC AND PREPARING A GREEN, DIGITAL AND RESILIENT RECOVERY OF THE ECONOMY (REACT-EU)

(COM(2020) 451 AND /2; RCC(2020) 76)

27. AMENDED PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON THE EUROPEAN REGIONAL DEVELOPMENT FUND AND ON THE COHESION FUND

(COM(2020) 452 TO /3; RCC(2020) 76)

28. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON THE PUBLIC SECTOR LOAN FACILITY UNDER THE JUST TRANSITION MECHANISM

(COM(2020) 453 AND /2; SWD(2020) 92; RCC(2020) 76)

29. AMENDED PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL LAYING DOWN COMMON PROVISIONS ON THE EUROPEAN REGIONAL DEVELOPMENT FUND, THE EUROPEAN SOCIAL FUND PLUS, THE COHESION FUND, THE JUST TRANSITION FUND AND THE EUROPEAN MARITIME AND FISHERIES FUND AND FINANCIAL RULES FOR THOSE AND FOR THE ASYLUM AND MIGRATION FUND, THE INTERNAL SECURITY FUND AND THE BORDER MANAGEMENT AND VISA INSTRUMENT

(COM(2020) 450 AND /2; RCC(2020) 76)

30. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON THE ESTABLISHMENT OF A PROGRAMME FOR THE UNION'S ACTION IN THE FIELD OF HEALTH – FOR THE PERIOD 2021-2027 AND REPEALING REGULATION (EU) 282/2014 ('EU4HEALTH PROGRAMME')

(COM(2020) 405 TO /3; RCC(2020) 77)

**31. PROPOSAL FOR A DECISION OF THE EUROPEAN PARLIAMENT AND
OF THE COUNCIL AMENDING DECISION 1313/2013/EU ON A UNION
CIVIL PROTECTION MECHANISM
(COM(2020) 220 TO /4; RCC(2020) 77)**

The PRESIDENT opened the sitting by stressing that that day's meeting would undoubtedly mark the term of office of the current Commission.

In her view, what needed to be done was nothing less than to shape the future of the Union around a common objective that all the Member States and citizens would reclaim. That was the challenge for the **collective recovery plan** on the agenda of that day's meeting in order to repair the damage linked to the COVID-19 pandemic in a sustainable, uniform, inclusive and equitable way across the EU and invest in the common European good for the benefit of future generations.

She noted that, thanks to the determination and unwavering commitment of the departments, cabinets and members of the College, combined with their expertise and creativity, the Commission had, in only a few weeks, drawn up a massive recovery plan, the scale of which was justified by the severity of the socio-economic damage facing the EU, and the boldness and ambition of which was commensurate with the task entrusted to it by the members of the European Council on 26 March and 23 April 2020.

She pointed out that the recovery plan was in addition to the considerable efforts made by the EU to cushion, as swiftly as possible, the economic and social impact of the crisis linked to the COVID-19 pandemic through a coordinated first response. In addition to the measures taken by the European Central Bank, she referred in particular to the European instrument for temporary support to mitigate unemployment risks in an emergency (SURE), the funding of the European Investment Bank, the mobilisation of the European Stability Mechanism (ESM), use of the general escape clause in the Stability and Growth Pact and to the Temporary Framework for State aid, measures which had provided the Member States with support and room for manoeuvre which allowed them to respond to the

unprecedented cataclysm caused by this crisis.

The PRESIDENT said that the **set of 24 initiatives** presented that day marshalled unprecedented firepower to kick-start the European economy by taking advantage of the opportunities revealed by the crisis and so design a Europe for future generations.

She presented the various elements of this set of measures.

She explained that the central element of the proposed measures was a new instrument to promote recovery called '**Next Generation EU**', which would receive **EUR 750 billion** raised on the financial markets. That sum would be invested in getting the economy back on track and promoting a return to sustainable and just growth through grants – of EUR 500 billion – and, at the request of the Member States, by means of loans to the tune of EUR 250 billion.

Because this instrument, which was temporary, accompanied the **multiannual financial framework for the period 2021 to 2027**, she announced that the second element of the proposed measures consisted in strengthening that budget over the long term by increasing its allocation to **EUR 1,100 billion**. The Commission therefore proposed to amend some of the proposals it had made in 2018 in its initial proposal for the multiannual financial framework while at the same time preserving what had already been approved under the ongoing interinstitutional negotiations. She said that it was important to create new tools, to strengthen key programmes to revitalise the single market, to step up cooperation in areas such as health and crisis management and to equip the EU with a long-term budget which stimulated the green and digital transitions and built a more sustainable, more resilient and fairer economy.

She noted that the third element of these innovative measures consisted in amending the **current multiannual financial framework** for the period 2014 to 2020 to meet the most urgent needs without waiting for the entry into force of the next multiannual financial framework, which could not in any event take place before 1 January 2021. It was therefore proposed to release additional appropriations of

EUR 11.5 billion already in 2020.

Finally, she said that the fourth element consisted in adjusting the **Commission's work programme for 2020** to take account of the delays caused by the crisis and to strongly reassert the priorities of the current Commission, starting with the green and digital transitions, which were unquestionably capable of stimulating the recovery and resilience of the EU, and constructing an attractive Europe for future generations.

After highlighting the overall logic of the proposed package of measures, the PRESIDENT focused on the new instrument **Next Generation EU**, whose allocation of EUR 750 billion, combined with targeted increased appropriations under the multiannual financial framework for the period 2021 to 2027, would increase the total financial capacity of the EU budget to EUR 1.85 trillion.

In this connection, she recalled the undeniable advantages, in terms of governance and efficiency, of using the EU budget as a vehicle for recovery. She reiterated that this was a well-established tool, recognised by the Member States and highly appropriate for mobilising investments while ensuring cohesion and convergence, and doing so already in the first months of the recovery.

She then explained the functioning of this new instrument.

She announced that it was proposed to **temporarily increase the own resources ceiling from 0.6% to 2% of the EU's gross national income**, so that the headroom added to the multiannual financial framework would be increased to an unprecedented level. The Commission would then use its strong credit rating to borrow EUR 750 billion on the financial markets. Those funds would be repaid over a long period of time under future EU budgets – not before 2028 and not after 2058. For that purpose, the Commission was considering a number of **new own resources** which would come from an expansion of the greenhouse gas emission allowance trading scheme, a new carbon border adjustment mechanism, a levy on the activities of large companies under the single market, a digital tax or a single-use plastics tax, which had been proposed as long ago as 2018.

She also stressed the key advantage of the proposed package of measures, which was to trigger recovery by increasing the EU budget without imposing on the Member States any financial pressure which would be untenable in these times of serious crisis.

The PRESIDENT explained that the additional EUR 750 billion, which would be raised through *Next Generation EU*, would be provided on the ground through EU programmes, with the aim of ultimately mobilising up to EUR 1,300 billion through leverage effects.

She said first of all that the lion's share of the funds raised by *Next Generation EU* was intended to provide massive support for the Member States' investments and reforms, without leaving anyone behind. To achieve this, it was proposed to create a **recovery and resilience facility** the aim of which would be to heal the scars of the crisis. This facility, which would be incorporated into the European Semester for coordinating economic and budgetary policies, would be provided with a grant facility of up to EUR 310 billion and would be able to provide loans of approximately EUR 250 billion at the request of the Member States. This support would be available to all Member States but would be concentrated on those most affected and where resilience needs were greatest.

She added that the support for the Member States, which was at the heart of *Next Generation EU*, would also be provided, on the one hand, through '**REACT-EU**', a new initiative aimed at complementing the current cohesion policy programmes, up to 2022, and, on the other, by strengthening the Just Transition Fund and the European Agricultural Fund for Rural Development.

The PRESIDENT then turned to the second objective of the new instrument *Next Generation EU*, namely to kick-start the economy and stimulate private investment. This second pillar, to which EUR 56.3 billion had been allocated, would be implemented through a **solvency support instrument** and **enhanced capacity for InvestEU**, the Union's flagship investment programme, thanks to a new strategic investment facility integrated in *InvestEU* to foster the resilience of strategic sectors,

particularly those linked to the green and digital transitions, and of the key value chains in the internal market.

The aim of the third pillar of *Next Generation EU*, to which EUR 38.7 billion had been allocated, was to draw the lessons from the crisis in order to better prepare the Union for possible future crises. In particular, she highlighted the introduction of a new health programme, the **Union for health – EU4Health** – aimed at strengthening health security and preparing for future health crises. This pillar would also include a reinforcement of the Union's civil protection mechanism, *RescEU*, and of the research and external action programmes.

The PRESIDENT concluded her presentation by pointing out that the adoption of this set of proposals marked not just the end of a considerable and remarkable work of reflection and development, but also the start of the necessarily demanding task of explaining, persuading and negotiating.

She was confident that this unprecedented initiative, which would turn the huge challenge facing the Union into an opportunity to be seized not only by supporting the recovery but also by investing in the Union's future, provided a solid basis for obtaining the approval of the European Parliament and the Member States.

She cited as proof of this the numerous exchanges she had had with the leaders of the Member States and her counterparts in the other EU institutions, evidencing a climate of mutual trust. She reiterated her full confidence in the Members of the College to carry out this ambitious undertaking and ensure that the plan presented was effectively implemented once it had been adopted.

The PRESIDENT invited Mr HAHN to present the proposals concerning the multiannual financial frameworks for 2014-2020 and 2021-2027.

Mr HAHN began by examining the amendments which, as a result of the current situation, needed to be made to the proposals put forward by the Commission in 2018 for the 2021-2027 multiannual financial framework. He reminded the meeting that the objective of the MFF was also to take into account the consequences of the

UK's withdrawal from the European Union.

He began by saying that the amendments in question aimed to safeguard the progress made in the negotiations with the co-legislators on this multiannual financial framework and took as their starting point the 'Negotiating Box' presented by Mr Charles MICHEL, the President of the European Council.

He then explained the targeted reinforcements that were being proposed to support the effectiveness of the recovery plan presented with a long-term European budget increased to EUR 1,100 billion.

He stressed that thanks to this revised multiannual financial framework, to which would be added the specific, temporary support of the new instrument *Next Generation EU*, 60% of the Union's investments would be used for resolutely forward-looking policies, in particular support for the green and digital transitions, research and innovation, and young people.

Also with a view to the collective recovery that would shape the future of the next generation, he referred to the ambitious target of earmarking at least 25% of expenditure for climate objectives, as set out in the 2018 proposals. He encouraged all the Members of the Commission to pay particular attention to compliance with this goal when implementing the budget.

The planned amendments also sought to increase the degree of flexibility within the budget, since the budget did not allow for an effective response to unforeseen events such as the crisis the Union was currently facing. It was necessary, by increasing allocations or the scope of application, to reinforce the Solidarity and Emergency Aid Reserve, the Solidarity Fund and the European Globalisation Adjustment Fund.

The multiannual financial framework for 2021-2027 would lay a heavy responsibility on the Commission and require it to adapt to the unprecedented characteristics of this MFF as a result of the new instrument accompanying it. *Next Generation EU* increased the overall volume of this long-term budget to an unprecedented level and its temporary nature meant that it would not cover the

entire seven-year period. He drew the College's attention to the fact that the success of the instrument would depend on how it was implemented by the Commission. Its implementation must be exemplary and must deploy significant efforts to commit the amounts borrowed within four years, i.e. during the term of office of the current Commission. He asked everyone to prepare for this change, which in his view was quite radical.

Mr HAHN then turned to the new own resources that the Commission was planning to introduce in such a way that they would be available when the time came to repay the loans taken out on behalf of the Union on the financial markets. He stressed that the own resources the Commission was that day proposing to introduce, as enumerated by the PRESIDENT, were fully consistent with the political priorities of the green and digital transitions and of a fairer Europe. He stressed that they would not be a burden on taxpayers.

He also said that the next financial framework, in the new ambitious and innovative form proposed that day, was conditional not only on the approval of the European Council and the European Parliament but also on the unanimous adoption of the amended decision on own resources by the Member States and its ratification in line with national constitutional rules.

Thus, he asked the Members of the College to establish the necessary contacts to help facilitate and speed up this process as far as possible.

In any event, the 2021-2027 multiannual financial framework, accompanied by the new instrument *Next Generation EU*, would not come into force until 1 January 2021.

Without waiting for that date or for the ratification of the decision on own resources, Mr HAHN referred to the amendments proposed to the current multiannual financial framework, covering the period 2014-2020, to mitigate the effects of the crisis as quickly as possible.

He explained that it was proposed to increase by EUR 11.5 billion the ceiling

provided for in the current multiannual financial framework for the 2020 budget. This would enable the Union, in practice, to bring forward the roll-out of some of the measures planned under *Next Generation EU*.

This would chiefly involve speeding up support for recapitalisation, supplementing cohesion expenditure and increasing the financing of external action, in particular to support the Western Balkans which, on the EU's doorstep, were facing similar difficulties to those encountered by the Member States.

This increase was expected to mobilise a minimum of EUR 50 billion in investments in the last months of 2020. He was therefore announcing an amendment to the 2020 budget.

Mr TIMMERMANS considered that the response being put forward by the Commission that day to address the crisis triggered by the COVID-19 pandemic would allow it to rise to the challenge, while at the same time enabling the EU to pursue its green and digital priorities. He suspected that the proposal would nonetheless lead to potentially difficult discussions between the Member States, which did not always share the same assessment of the needs created by the pandemic. In particular, he expressed his regret that certain Member States still had very little awareness of the high degree of interdependency that linked them to the other Member States; this led them to believe that each Member State should respond individually to the crisis, without consulting their European partners, even though the internal market and supply chains were highly integrated in the EU.

While the scope of the proposed recovery plan was justified by the severity of the current crisis, he was however concerned that its complex structure was difficult to explain, particularly to the media, which was why he was proposing to focus communication on a limited number of key messages. He called for communication to emphasise the need to act quickly to prevent the economic crisis from deepening. He also felt it was important to explain to the public and the media why it was necessary to keep a level playing field in the internal market.

Furthermore, he felt that it was useful to explain to young people that the scale of the funding mobilised and the use of loans was justified by the fact that, in the future, they would benefit from the investments that would soon be made as part of the green and digital transitions.

Lastly, Mr TIMMERMANS noted that, by using simple and positive messages, the Commission would be in the best position to create the momentum needed for the European Parliament and the Member States to adopt this ambitious package of proposals.

Ms VESTAGER noted that, unlike when the financial crisis hit in 2008, the recovery plan being proposed that day required rapid deployment and its aim was not to bail out banks but rather to protect viable companies from bankruptcy, companies whose survival was threatened by the consequences of the COVID-19 pandemic. For that reason, she felt that it was vital to put forward a plan that had sufficient resources to provide the macroeconomic support needed to recapitalise companies struggling as a result of the lockdown measures. She therefore welcomed the fact that Europe could now keep its promises and act quickly, with sufficient resources.

On the subject of communication on the recovery plan, she too recommended avoiding too many technical details, and instead recommended appealing to the emotions and the values of solidarity and fairness, in order to gain public support, as this could result in all the governments and national parliaments supporting the recovery plan.

Mr DOMBROVSKIS took the view that the EU's response to the economic crisis triggered by the pandemic was commensurate with the nature and unprecedented scale of the crisis.

He reminded the College that, at the behest of the EU leaders, the Commission had carried out an evaluation of financing needs caused by the crisis; this had revealed an overall investment gap of at least EUR 1.5 trillion in 2020 and 2021, mostly from the private sector. He explained that the set of measures proposed that day covered

both public and private investment needs and that equity repair needs for 2020 would be between EUR 720 billion and EUR 1,200 billion depending on the scenario, while sovereign financing needs for 2020 and 2021 were estimated at EUR 1,700 billion.

Although COVID-19 had affected all the Member States, their pre-crisis economic situations were very different and a number of them were still involved in a convergence process that was bringing them gradually closer to the EU average. Hence his desire that, in responding to the crisis, the EU must be careful not to further widen the gaps that existed before the pandemic, by ensuring that the path to recovery was inclusive and fair.

He added that the Member States' ability to deal with economic recession and reap the benefits of the return to growth expected in 2021 would vary greatly and would depend on many factors such as the structure of their economy, their dependence on exports and the capacity of the State, private sector or capital markets to absorb the economic and social shock caused by the crisis. Given the current situation of extreme uncertainty, he considered that the EU would need to demonstrate a real ability to respond and be able to adjust its support as required in the years ahead.

In the shorter term, he recommended being mindful of the need to prevent any interruption to EU payments in 2021 and therefore to plan to frontload these payments at the beginning of the period so that they could reach the real economy through REACT-EU and cohesion policy, or through the new Recovery and Resilience Facility.

In conclusion, Mr DOMBROVSKIS also confirmed that the presentation of these ambitious proposals was only the first part of the task in hand, and that effective implementation would need to follow.

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

General considerations

- the College’s unanimous support for the package of proposals presented by the Commission that day, which it considered to be impressive in terms of its scale, solidity and political ambition, but also innovative, credible and commensurate with the challenges caused by an unprecedented crisis; its pride in being part of this historic initiative;
- the ingenious nature of the proposed structure, which tackled the immediate effects of an economic and social crisis affecting all the Member States through a set of instruments and arrangements brought together under the banner of *Next Generation EU*; until 2024, these would supplement a robust long-term financial framework covering the period 2021 to 2027, a framework that would put support measures in place to help the Member States to implement the EU’s priorities, particularly the green and digital transitions, while at the same time encouraging the EU to develop its resilience;
- support for the political vision and economic reasoning evident in this set of forward-thinking proposals, as well as for the convincing, ambitious and realistic arguments that went with it;
- in this regard, the merits of the reasoning whereby the burden of the courageous measures being proposed by the Commission that day to address the crisis would not be placed on the next generation of Europeans without allowing them to benefit from those measures through investment in a future economy that clearly set the EU on the path towards the green transition, digitisation, research, innovation and resilience;
- nevertheless, the wide-ranging debate which that day’s proposals would cause, both at political level and in terms of public opinion; reference to the resistance that there would surely be; hence the need to seek support from the other EU institutions, the Member States, economic actors and civil society;
- the call for meticulous planning of the communication actions to be organised

that day and in the coming weeks in order to present the proposal for the Multiannual Financial Framework and the recovery instrument, by ensuring that simple and understandable messages were used about what was a very complex subject;

- in general, the recommendation to simplify the concepts and to select a small number of simple, but positive and meaningful statistics in order to explain to citizens, businesses and regions how Europe helped and protected them;
- the case for also developing the idea of a responsive Europe by proposing the right mix of resources and instruments in order to implement a bold and equitable political project;
- an allusion to the major challenge of implementing the proposals; the case for ensuring, in particular, that funding awarded by the Union be allocated to genuine reforms in the Member States in line with its political priorities; hence the importance of enshrining the recovery strategy in the European Semester of economic and budgetary policy coordination;
- the suggestion that the substantial resources deployed under this response should take account of the support the Member States had also provided to their own economies, in addition to the initiatives already taken by the Commission, the Eurogroup and the European Central Bank since the outbreak of the COVID-19 pandemic, in order to paint an accurate picture of the overall effort deployed at Union level, amounting to some 10% of its gross domestic product, which was comparable with the efforts undertaken by the other major powers;
- the scope of this collective response from the perspective of the Union's place in the world; similarly, support for the principle of taking into account the fact that the situation outside the Union would impact the Union's recovery and resilience, as rightly reflected in the Multiannual Financial Framework;
- the call to appreciate fully the difficulty of the political negotiations at the upcoming European Council; in this context, the duty of Commissioners to

defend all of that day's proposals as a whole;

- the benefit of the choice made to move forward in parallel the debate on the possibility of introducing new Union own resources to finance future repayments of loans taken out by the Commission on behalf of the Member States, a debate which the European Parliament supported; a reminder, however, of the cumbersome nature of the procedure to be followed in order to arrive at such a decision at Union level, which required a unanimous vote of the Council and ratification by the 27 national parliaments; regret that the financial transaction tax had not been chosen as one of the options for consideration;

Multiannual Financial Framework for 2021 to 2027

- the case for reiterating that the Multiannual Financial Framework was a source of stability for the Member States;
- mention of the Commission's unique opportunity to use the launch window of its current proposal to convey a message on the necessary balance between financial support and reforms, to emphasise that its project was aimed at strengthening convergence between the Member States and to explain how the logic of 'winners and losers' was wrong, by pointing out that the Member States had a common interest to defend, namely the integrity of the internal market and the single currency;
- confirmation of the objective of modernising European economies, which was at the heart of the Commission's proposal;
- the need to illustrate in concrete terms the fact that the Union had learned the lessons from the current crisis by proposing innovations, including the ambitious health programme, and by focusing seriously on the aim of strengthening the Union's resilience;
- the invitation to show how the Union was responding not only to the needs of businesses, but also to the expectations of European citizens, who were suffering

the social consequences of the current crisis; the suggestion that a strong emphasis be placed on the desire to protect social cohesion; the attention to be paid to the rise in unemployment, especially among young people, and the risk of increased poverty;

- recognition of the major progress in terms of making Union funding conditional on adherence to the principles of the rule of law;
- praise for the general mechanisms proposed to enable the Union to expedite its funding and ease the conditions for granting this funding in order to respond to the crisis; the need for strict control arrangements in return;
- a number of comments on the proposed allocations for sectoral policies, chiefly the common agricultural policy, energy, culture, science and education, foreign policy, or for sustainable infrastructure;
- the attention to be given, as part of the Union's prioritising of digitisation, to the necessary digital transition of the Union's public administrations;
- a request for clarification on the allocation keys of the REACT-EU initiative and of the Recovery and Resilience Facility, which both included a criterion linked to the unemployment rate; the wish for the REACT-EU allocation key to be corrected to some extent so that it corresponded to all situations, including those, for example, of Member States in which the tourist industry contributed much of their gross domestic product;
- furthermore, a warning against the risk of compensating certain Member States twice over in light of the unemployment rate, which could in fact be detrimental to Member States which had stemmed job losses linked to COVID-19;
- in addition, a question regarding the possibility of a mid-term review of this criterion in the context of REACT-EU in order to take account of the situations in which certain Member States would feel the effects of the crisis on their unemployment rate later than others;

‘Next Generation EU’ instrument

- the acknowledgement of the unique political opportunity to initiate a new dynamic of deepening European integration through the recovery plan; the removal of a number of old taboos reflected in this approach;
- the link that could be established between this new plan, in order to cope with the worst crisis that Europe had seen since the Second World War, and the solidarity on which the founding fathers’ integration project was originally based;
- the historic significance of the possibility for the Commission to borrow in such proportions on the financial markets on behalf of the Member States under the *Next Generation EU* instrument and of the proposed solidarity mechanism for the repayment of the loans as from the 2028-2035 multiannual financial framework;
- the need to highlight that the sums borrowed by the Commission would not be transferred to the national budgets of the Member States but would be channelled through the European budget, which would ensure that they would contribute to the implementation of joint political priorities;
- the demonstration, via this mechanism, of the fact that membership of the Union had very real added value and that unity paid off;
- an observation, however, that some Member States had a low level of public debt and would find it difficult to approve the idea of jointly borrowing with other more heavily indebted nations, particularly since the prospects for repayment were very long term, from 2028 to 2058;

At the PRESIDENT’s request, the Director-General of DG Budget, Mr KOOPMAN, responded to some requests for technical clarifications.

With regard to the issue of taking the unemployment rate criterion into account in *Next Generation EU*, he explained that in the *REACT-EU* initiative this criterion

was based on the unemployment rate in the first half of 2019, i.e. just before the crisis, and would not be subject to a revision clause since the financing would be allocated to projects and not paid in annual instalments as in traditional programmes. In the Recovery and Resilience Facility, on the other hand, this criterion was based on the unemployment rate over the last 5 years compared to the EU average. He clarified that the two instruments were different and so had different allocation keys, the first being a short-term instrument and the second a medium and long-term one.

Mr HAHN confirmed that that day would be a day of communication, during which the broad lines of the Commission's proposal would be presented to the European Parliament by the PRESIDENT, and by himself. This would be followed by a series of statements by Members of the Commission. He asked them, when making their statements, to keep to the general elements relating to the structure of the multiannual financial framework and the recovery instrument without going into detail at this stage. He recommended that they be prudent, measured and precise in their comments, which could pass beyond their direct audience to Member States where certain aspects of the Commission's position could come into conflict with certain political sensitivities and cause controversy at a time when the Commission had to seek to persuade the Heads of State or Government to support its proposal. To conclude, he pointed out that the Commission's proposal was unprecedented, ambitious and wide-ranging but still far from being approved.

The PRESIDENT returned briefly to the subject of the overall economic assistance deployed at EU level since the beginning of the health crisis in comparison with the main international actors. She stressed that the sum of the liquidity support and other forms of support agreed by the Member States thanks to the relaxation of the framework governing State aid, the flexibility allowed in the management of EU structural funds, the general escape clause of the Stability and Growth Pact, the European instrument for temporary support to mitigate unemployment risks in an emergency (SURE) and also the financing from the European Central Bank and the mobilisation of the European Stability Mechanism (ESM) gave a total of

EUR 3.8 trillion, to which the Commission was proposing that day to add EUR 1.85 trillion for a European gross domestic product of EUR 15 trillion. In her opinion, the gravity of the emerging economic and social crisis justified an exceptional common response.

She closed the discussion by stressing that although the preparation of that day's proposals had already demanded considerable work on the part of the entire Commission, a new stage was beginning straight away to communicate, persuade and seek support. She thanked the Members of the College, who had already prepared the ground by reaching out to their respective audiences, and who were going to participate in the joint effort of explaining and persuasion in the coming weeks.

She stressed the considerable progress that had been made over recent weeks to enable the Commission to present a draft budget and recovery plan that were so successful in terms of their arguments, design and brand.

She expressed her immense gratitude to all those – Commissioners, cabinets and departments – who had made it possible to achieve this result.

Following this discussion the Commission approved:

- the Communication in COM(2020) 456/3 for transmission to Parliament, the European Council, the Council, the European Economic and Social Committee, and the Committee of the Regions, and, for information, to the national parliaments, together with the staff working document distributed as SWD(2020) 98, the contents of which were noted;
- the Communication in COM(2020) 442/3 for transmission to Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions, and, for information, to the national parliaments;
- the Communication in COM(2020) 440/3 for transmission to Parliament, the Council, the European Economic and Social Committee and the Committee of

the Regions, and, for information, to the national parliaments;

Furthermore, the Commission, on a proposal from the PRESIDENT, agreed to formally adopt the horizontal or sectoral legislative proposals (items 11 to 31 of these minutes) by finalisation written procedure, the deadlines for which were set between Thursday 28 May and Tuesday 2 June 2020 (COM(2020) 441 – PE/2020/3490, COM(2020) 443 – PE/2020/3492, COM(2020) 444 – PE/2020/3494, COM(2020) 445 – PE/2020/3495, COM(2020) 446 – PE/2020/3493, COM(2020) 459 – PE/2020/3491, COM(2020) 223 – PE/2020/3478, COM(2020) 460 – PE/2020/3483, COM(2020) 461 – PE/2020/3484, COM(2020) 408 – PE/2020/3421, COM(2020) 409 – PE/2020/3420, COM(2020) 404 – PE/2020/3481, COM(2020) 403 – PE/2020/3482, COM(2020) 407 – PE/2020/3419, COM(2020) 447 – PE/2020/3418, COM(2020) 451 – PE/2020/3415, COM(2020) 452 – PE/2020/3414, COM(2020) 453 – PE/2020/3137, COM(2020) 450 – PE/2020/3413, COM(2020) 405 – PE/2020/3417, COM(2020) 220 – PE/2020/3356).

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The meeting closed at 11.45.