



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2020) 2342 final

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

Brussels, 8 July 2020

TEXTE EN

MINUTES

of the 2342nd meeting of the Commission

held in Brussels

(Berlaymont)

on Wednesday 17 June 2020

(morning)

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

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TABLE OF CONTENTS

Attendance list	4-6
1. AGENDAS (OJ(2020) 2342/FINAL; SEC(2020) 2342/FINAL)	7
2. WEEKLY MEETING OF CHEFS DE CABINET (RCC(2020) 2342)	7
3. APPROVAL OF THE MINUTES OF THE 2339 TH , 2340 TH AND 2341 ST MEETINGS OF THE COMMISSION (27 MAY, 3 AND 10 JUNE 2020).....	7
4. INTERINSTITUTIONAL RELATIONS (RCC(2020) 86)	7
4.1. RESPONSE TO THE COVID-19 PANDEMIC.....	7
4.2. LEGISLATIVE MATTERS	8
4.3. RELATIONS WITH NATIONAL PARLIAMENTS, THE OTHER INSTITUTIONS AND BODIES, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS.....	10
5. COORDINATION OF EXTERNAL ACTION (RCC(2020) 69).....	10
6. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS.....	11
6.1. WRITTEN PROCEDURES APPROVED (SEC(2020) 212 ET SEQ.).....	11
6.2. EMPOWERMENT (SEC(2020) 213 ET SEQ.)	11
6.3. DELEGATION / SUBDELEGATION OF POWERS (SEC(2020) 214 ET SEQ.)	11
6.4. SIGNIFICANT WRITTEN PROCEDURES (SEC(2020) 215 TO /3).....	11
7. ADMINISTRATIVE AND BUDGETARY MATTERS (SEC(2020) 216 AND /2).....	12
7.1. DG INTERNATIONAL COOPERATION AND DEVELOPMENT – APPOINTMENT OF AD15 DEPUTY DIRECTOR-GENERAL.....	12

7.2. DG HEALTH AND FOOD SAFETY – APPOINTMENT OF AD15 DEPUTY DIRECTOR-GENERAL	13
7.3. DG INTERNAL MARKET, INDUSTRY, ENTREPRENEURSHIP AND SMEs – APPOINTMENT OF AD15/16 DEPUTY DIRECTOR-GENERAL (PERS(2020) 51 TO /3).....	13
7.4. EUROPEAN ANTI-FRAUD OFFICE – INTERNAL PUBLICATION OF THE VACANCY NOTICE FOR AN AD15/16 DEPUTY DIRECTOR-GENERAL (PERS(2020) 50).....	14
7.5. EUROPEAN ANTI-FRAUD OFFICE – DEPUTISING FOR THE DIRECTOR- GENERAL.....	15
7.6. DG MIGRATION AND HOME AFFAIRS – EXTENSION OF THE TERM OF OFFICE OF THE AD14 EXECUTIVE DIRECTOR OF THE EUROPEAN MONITORING CENTRE FOR DRUGS AND DRUG ADDICTION	15
7.7. COMMISSION DECISION ON POST TERM-OF-OFFICE ACTIVITIES OF A FORMER MEMBER OF THE COMMISSION C(2020)9027	16
8. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE EUROPEAN COUNCIL, THE COUNCIL AND THE EUROPEAN INVESTMENT BANK – EU STRATEGY FOR COVID-19 VACCINES (COM(2020) 245 TO /3; RCC(2020) 90)	16
9. WHITE PAPER ON LEVELLING THE PLAYING FIELD AS REGARDS FOREIGN SUBSIDIES (COM(2020) 253 TO /3; RCC(2020) 91).....	21
10. POLICY DEBATE ON RELATIONS BETWEEN THE EUROPEAN UNION AND CHINA (SEC(2020) 246).....	27
11. REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE, AND THE COMMITTEE OF THE REGIONS ON THE IMPACT OF DEMOGRAPHIC CHANGE (COM(2020) 241 TO /3; SWD(2020) 109 TO /3; RCC(2020) 89)	27

Single sitting: Wednesday 17 June 2020 (morning)

The sitting opened at 9.10 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	Items 1 to 11 (in part)
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	Items 1 to 11 (in part)
Mr HOGAN	Member	Items 1 to 10 (in part)
Ms GABRIEL	Member	Items 1 to 11 (in part)
Mr SCHMIT	Member	Items 1 to 11 (in part)
Mr GENTILONI	Member	
Mr WOJCIECHOWSKI	Member	
Mr BRETON	Member	
Ms FERREIRA	Member	
Ms KYRIAKIDES	Member	
Mr REYNDERS	Member	
Ms DALLI	Member	
Ms JOHANSSON	Member	
Ms VÁLEAN	Member	Items 1 to 10
Mr VÁRHELYI	Member	Items 1 to 10 (in part)
Ms URPILAINEN	Member	
Ms SIMSON	Member	Items 1 to 11 (in part)
Mr SINKEVIČIUS	Member	

Absent:

Mr LENARČIČ

Member

The following sat in to represent an absent Member of the Commission:

Mr MALGAJ Chef de cabinet to Mr LENARČIČ

The following also sat in:

Mr SEIBERT	Chef de cabinet to the PRESIDENT	
Mr ROMERO REQUENA	Director-General, Legal Service	Items 1 to 9
Ms AHRENKILDE HANSEN	Director-General, DG Communication	Items 1 to 9, and 11
Mr MAMER	Head of the Spokesperson's Service and Chief Spokesperson of the Commission	Items 1 to 9, and 11
Mr LEARDINI	Deputy Secretary-General	Items 1 to 9
Ms GAUER	Deputy Secretary-General	Items 1 to 8
Ms RISO	Deputy Chef de cabinet to the PRESIDENT	Items 1 to 9
Ms PETKOVA	Director of Coordination and Administration in the PRESIDENT's Office	Items 1 to 9
Mr USTUBS	Adviser in the PRESIDENT's Office	Items 1 to 8
Mr WHELAN	Adviser in the PRESIDENT's Office	Items 8 (in part) and 9
Mr VANDENBERGHE	Adviser in the PRESIDENT's Office	Item 8 (in part)
Mr SCICLUNA	Chef de cabinet to Ms ŠUICA	Item 11
Ms ALLOUIS-LE LOSTEC	Secretariat-General	

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

1. AGENDAS

(OJ(2020) 2342/FINAL; SEC(2020) 2342/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) 2342)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 15 June 2020.

3. APPROVAL OF THE MINUTES OF THE 2339TH, 2340TH AND 2341ST MEETINGS OF THE COMMISSION (27 MAY, 3 AND 10 JUNE 2020)

The Commission held over approval of the minutes of its 2339th, 2340th and 2341st meetings for a later meeting.

4. INTERINSTITUTIONAL RELATIONS

(RCC(2020) 86)

The Commission took note of the record of the virtual meeting of the Interinstitutional Relations Group (IRG) held on 12 June 2020 (RCC(2020) 86).

It paid particular attention to the following points.

4.1. RESPONSE TO THE COVID-19 PANDEMIC

- i) Possible postponement of the entry into application of the VAT e-commerce package due to the COVID-19 crisis**

The Commission approved the line set out in SI(2020) 189.

ii) Amendment of Regulation (EU) 2016/1628 as regards transitional provisions to address the impact of the COVID-19 crisis (Regulation) – 2020/0113 (COD)

The Commission approved the line set out in SI(2020) 193.

4.2. LEGISLATIVE MATTERS

iii) Trilogues

- Rail passengers' rights and obligations (Regulation – recast) – LIBERADZKI report – 2017/0237 (COD)

The Commission approved the line set out in SI(2020) 174.

- Transitional provisions for the support by the European Agricultural Fund for Rural Development (EAFRD) and by the European Agricultural Guarantee Fund (EAGF) in the year 2021, and amendment of Regulations (EU) No 228/2013, (EU) No 229/2013 and (EU) No 1308/2013 as regards resources and their distribution in respect of the year 2021 and of Regulations (EU) No 1305/2013, (EU) No 1306/2013 and (EU) No 1307/2013 as regards their resources and application in the year 2021 (Regulation) – KATAINEN report – 2019/0254 (COD)

The Commission approved the line set out in SI(2020) 190.

iv) European Parliament dossiers – June 2020 part-session

Ordinary legislative procedure – Second reading

- Establishment of a framework to facilitate sustainable investment (Regulation) – PIETIKÄINEN & EICKHOUT report – 2018/0178 (COD)

The Commission took note of SP(2020) 169, further to note COM(2020) 155, which it had already approved on 23 April 2020.

- Amendment of Regulation (EC) No 862/2007 of the European Parliament and of the Council on Community statistics on migration and international protection (Regulation) – OETJEN report – 2018/0154 (COD)

The Commission took note of SP(2020) 249, further to note COM(2020) 153, which it had already approved on 15 April 2020.

Implementing acts and measures

- Amendment of Annex III to Directive 2000/54/EC of the European Parliament and of the Council as regards the inclusion of SARS-CoV-2 in the list of biological agents known to infect humans and amendment of Commission Directive (EU) 2019/1833 (Commission Directive) – Objection pursuant to Rule 112(2) and (3) of the European Parliament's Rules of Procedure

The Commission approved the line set out in SP(2020) 258/2.

v) Council dossiers

- Representative actions for the protection of the collective interests of consumers, and repeal of Directive 2009/22/EC (Directive) – DIDIER report – 2018/0089 (COD)

The Commission approved the line set out in SI(2020) 185/2.

- Amendment of Directive 1999/62/EC on the charging of heavy goods vehicles for the use of certain infrastructures (Directive) – FERRANDINO report – 2017/0114 (COD)

The Commission approved the line set out in SI(2020) 191/2.

- European Union Own Resources System (Council Decision) – 2020/0135 (CNS)

The Commission approved the line set out in SI(2020) 196.

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

vi) Follow-up to opinions of the European Economic and Social Committee – Plenary session of February 2020

The Commission approved document SC(2020) 18 on the follow-up by the Commission to the opinions adopted by the European Economic and Social Committee during the February 2020 session, for transmission to that Committee.

vii) Relations with the national Parliaments

- Invitation to the former Secretary-General of the Commission, Mr Martin SELMAYR, currently Head of the Commission Representation in Vienna, to testify before the second committee of inquiry of the 19th German Bundestag regarding the infrastructure charge (*‘PKW-Maut’*).

The Commission authorised Mr SELMAYR to testify before the committee of inquiry the German Bundestag, following the line set out in document SNP(2020) 7.

5. COORDINATION OF EXTERNAL ACTION (RCC(2020) 69)

The Commission took note of the operational conclusions in RCC(2020) 69 of the meeting of the Group for External Coordination (EXCO) held by videoconference

PV(2020) 2342 final

and teleconference on Wednesday 10 June 2020.

6. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

6.1. WRITTEN PROCEDURES APPROVED

(SEC(2020) 212 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 8 and 12 June 2020.

6.2. EMPOWERMENT

(SEC(2020) 213 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 8 and 12 June 2020.

6.3. DELEGATION / SUBDELEGATION OF POWERS

(SEC(2020) 214 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 8 and 12 June 2020 archived in Decide.

6.4. SIGNIFICANT WRITTEN PROCEDURES

(SEC(2020) 215 TO /3)

The Commission took note of the significant written procedures for which the time limit expired between 15 and 19 June 2020.

7. ADMINISTRATIVE AND BUDGETARY MATTERS
(SEC(2020) 216 AND /2)

ADMINISTRATIVE MATTERS

(PERS(2020) 49 AND /2)

At the PRESIDENT's invitation, Mr HAHN presented three additional proposals for administrative decisions which were tabled directly to the College for approval.

Mr HAHN explained that it was proposed to transfer, in the interest of the service, under Article 7 of the Staff Regulations, Mr Martin SEYCHELL to the post of Deputy Director-General in charge of Directorates D, E, F and G in DG International Cooperation and Development, on the one hand, and Ms Sandra GALLINA to the post of Deputy Director-General in charge of Directorates B and C in DG Health and Food Safety, on the other hand.

In addition, it was also proposed to appoint Mr Hubert GAMBS to the post of Deputy Director-General in charge of Directorates E, G and H and of Unit B.4 in DG Internal Market, Industry, Entrepreneurship and SMEs.

Mr HAHN highlighted the great skills, outstanding career and recognised expertise of Mr Martin SEYCHELL, Ms Sandra GALLINA and Mr Hubert GAMBS, which would be valuable assets in their new posts.

**7.1. DG INTERNATIONAL COOPERATION AND DEVELOPMENT –
 APPOINTMENT OF AD15 DEPUTY DIRECTOR-GENERAL**

On a proposal from Mr HAHN, in agreement with the PRESIDENT, and after consulting Ms KYRIAKIDES and Ms URPILAINEN, the Commission decided to transfer in the interest of the service, under Article 7 of the Staff Regulations, Mr Martin SEYCHELL, an AD15 official and currently Deputy Director-General in charge of Directorates B and C in DG Health and Food Safety, to the post of Deputy Director-General in charge of Directorates D, E, F and G in DG International Cooperation and Development.

This decision would take effect on 1 July 2020.

7.2. DG HEALTH AND FOOD SAFETY – APPOINTMENT OF AD15 DEPUTY DIRECTOR-GENERAL

On a proposal from Mr HAHN, in agreement with the PRESIDENT, and after consulting Mr HOGAN and Ms KYRIAKIDES, the Commission decided to transfer in the interest of the service, under Article 7 of the Staff Regulations, Ms Sandra GALLINA, an AD15 official and currently Deputy Director-General in DG Trade, to the post of Deputy Director-General in charge of Directorates B and C in DG Health and Food Safety.

This decision would take effect on 1 July 2020.

7.3. DG INTERNAL MARKET, INDUSTRY, ENTREPRENEURSHIP AND SMEs – APPOINTMENT OF AD15/16 DEPUTY DIRECTOR-GENERAL (PERS(2020) 51 TO /3)

The Commission had before it applications under Article 29(1)(a)(i) and (iii) of the Staff Regulations for the post of Deputy Director-General in charge of Directorates E, G and H and of Unit B.4 in DG Internal Market, Industry, Entrepreneurship and SMEs (PERS(2020) 51).

It took note of the opinions of the Consultative Committee on Appointments of 21 November 2019 and 15 May 2020 (PERS(2020) 51/2 and /3).

The Commission proceeded to compare the applicants' qualifications for the post. On a proposal from Mr HAHN, in agreement with the PRESIDENT and after consulting Mr BRETON, it then decided to appoint Mr Hubert GAMBS to the post.

This decision would take effect on 1 July 2020.

**7.4. EUROPEAN ANTI-FRAUD OFFICE – INTERNAL PUBLICATION OF
THE VACANCY NOTICE FOR AN AD15/16 DEPUTY
DIRECTOR-GENERAL
(PERS(2020) 50)**

The Commission took note of the information in point 1 of PERS(2020) 49 and, on a proposal from Mr HAHN, in agreement with the PRESIDENT, decided:

- to approve the vacancy notice for the post of Deputy Director-General of the European Anti-Fraud Office as set out in the annex to PERS(2020) 50, and to confirm that its Director-General was authorised to publish the notice;
- to carry out the selection procedure in accordance with the Compilation document on Senior Officials Policy (SEC(2004) 1352);
- to convene the Consultative Committee on Appointments in the composition set out in Article 3(2) of its Rules of Procedure (C(2007) 380), extended to include the following representatives:
 - one observer designated by the European Parliament;
 - one observer designated by the Council of the European Union;
 - one observer designated by the Supervisory Committee of the European Anti-Fraud Office;
- to authorise Mr HAHN, the Member of the Commission responsible for the budget and human resources, to interview all suitable candidates for the post before the final decision on appointment was taken;
- to confirm that the final decision on appointment was taken in accordance with the Commission Decision of 4 June 2013 (C(2013) 3288) on the exercise of powers conferred by the Staff Regulations on the appointing authority and by the Conditions of Employment of Other Servants on the

authority empowered to conclude contracts of employment.

These decisions would take effect immediately.

7.5. *EUROPEAN ANTI-FRAUD OFFICE – DEPUTISING FOR THE DIRECTOR-GENERAL*

The Commission took note of the information set out in point 2 of PERS(2020) 49 and, on a proposal from Mr HAHN, in agreement with the PRESIDENT, decided, in accordance with Article 27 of its Rules of Procedure, that Ms Beatriz SANZ REDRADO, Director of the General Affairs Directorate of the European Anti-Fraud Office, would deputise for the Director-General of the European Anti-Fraud Office until the new Deputy Director-General was in post.

This decision would take effect on 16 June 2020.

7.6. *DG MIGRATION AND HOME AFFAIRS – EXTENSION OF THE TERM OF OFFICE OF THE AD14 EXECUTIVE DIRECTOR OF THE EUROPEAN MONITORING CENTRE FOR DRUGS AND DRUG ADDICTION*

The Commission took note of the information set out in point 3 of PERS(2020) 49 and, on a proposal from Mr HAHN, in agreement with the PRESIDENT and after consulting Ms JOHANSSON, decided:

- to propose to the Management Board of the European Monitoring Centre for Drugs and Drug Addiction (EMCDDA) to extend the term of office of Mr Alexis GOOSDEEL as Executive Director for five years, from 1 January 2021, in accordance with Article 11(1) of Regulation (EC) No 1920/2006 of the European Parliament and of the Council of 12 December 2006 on the European Monitoring Centre for Drugs and Drug Addiction (recast);

(17 June 2020)

- to draw the attention of the Management Board to the fact that Mr Alexis GOOSDEEL would turn 66 in November 2025 and that the Management Board would be required to decide whether he should remain in active service beyond the age of 66;
- to ask Ms JOHANSSON, the Member of the Commission responsible, to communicate this decision to the Management Board of the European Monitoring Centre for Drugs and Drug Addiction.

These decisions would take effect immediately.

7.7. COMMISSION DECISION ON POST TERM-OF-OFFICE ACTIVITIES OF A FORMER MEMBER OF THE COMMISSION
C(2020)9027

The Commission adopted the Decision set out in C(2020) 9027.

The Commission specifically decided that the professional activities envisaged by Mr Vytenis ANDRIUKAITIS 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 AND THE EUROPEAN INVESTMENT BANK – EU STRATEGY FOR COVID-19 VACCINES
(COM(2020) 245 TO /3; RCC(2020) 90)

The PRESIDENT opened the discussion on the Communication presented that day, in which the Commission proposed a European strategy to accelerate the development, manufacture and deployment of a vaccine against COVID-19. She

thanked all the Commission Members, departments and cabinets that had participated in this intensive work, and highlighted its vital and difficult nature.

Although Europe was no longer the epicentre of the pandemic – this now being found in other parts of the world – she was nonetheless aware that the virus had not gone away and would have to be taken into account for a long time to come. However, an effective and safe vaccine against the virus was the best hope for finally resolving the health crisis caused by the pandemic, saving lives, protecting livelihoods, and saving billions of euros.

The Commission had therefore worked with all stakeholders and was proposing a joint European approach. This strategy consisted of providing support for laboratories likely to develop a safe and effective vaccine, whilst simultaneously helping the pharmaceutical industry to build capacity for producing this vaccine on a very large scale as rapidly as possible, to enable its distribution throughout the world. Mr SCHINAS and Ms KYRIAKIDES would present this strategy in detail.

The PRESIDENT mentioned the global equivalent of this strategy, referring to the global pledging conference launched on 4 May, which had to date collected an initial sum of 10 billion euros. In the worldwide race to develop a vaccine, it had been necessary to form a global alliance to avoid a ‘first come, first served’ situation, by ensuring that countries with high incomes acted as a united group of buyers, on behalf of all countries. In some ways this was akin to taking out insurance on a loan, in the hope that the pharmaceutical companies provided with support would be those to develop the eagerly awaited vaccine. A second global pledging conference would take place on 27 June.

Mr SCHINAS emphasised that in proposing its European strategy that day, the Commission was acting on the basis of the mandate it had received from the health ministers of the Union on 12 June. This strategy gave an excellent first taste of what the Union could do in future within the framework of its health policy by pooling risks and resources to take inclusive action to the benefit of all, in this case drawing on the Emergency Support Instrument. He pointed to the political motivation for

this bold step, which was to avoid the Union finding itself in the situation it had suffered from – without being responsible for it – at the start of the COVID-19 pandemic, with the problems in the supply of medical and personal protective equipment, and the lack of coordination between the Member States to resolve them.

On the evening of the previous day, the Member States had decided to align the common approach proposed by the Commission with that of the four Member States – Germany, France, the Netherlands and Italy – who had decided to do so from their side, in a quadrilateral framework.

Mr SCHINAS considered that the joint strategy presented by the Commission would enable the Union to participate in the development of a vaccine, which would be a real satisfaction if it came to fruition. However, he recommended that the Commission should also prepare to answer for its decisions in the event of failure, if no vaccine were developed by the companies given support.

Ms KYRIAKIDES noted that as the Union started to emerge from the initial phase of reaction to the health crisis, it had to consider how to address the presence of the virus in the longer term, with probably the most sustainable solution being a safe and effective vaccine. However, in doing this it had to meet two challenges, namely acting quickly so that the Member States were assured of having access to any COVID-19 vaccine developed, and optimising the chances of acquiring an effective vaccine as quickly as possible in the necessary quantities. In practice, this meant much earlier investment in the development and manufacture of a vaccine, with a much greater level of risk than the pharmaceutical companies were prepared to carry alone.

The European approach proposed by the Commission thus had several important objectives, i.e. (i) ensuring sufficient vaccine supplies for the Member States, (ii) substituting a solidarity framework for potential competition between Member States, (iii) enabling Member States to purchase the vaccine through a single procurement process, (iv) simplifying the procedure, and (v) reducing the

cost of the vaccine for all beneficiaries. Furthermore, Ms KYRIAKIDES considered that this combined action would give the Commission more negotiating power in its dealings with the pharmaceutical industry.

At their meeting of 12 June, the health ministers had largely supported the idea of a European approach and pooling resources. By negotiating purchasing contracts in advance with vaccine manufacturers, the Union could simultaneously support them and ensure that it would have sufficient quantities of the required doses were a vaccine to be found.

A substantial proportion of the Emergency Support Instrument's overall endowment could be dedicated to the joint approach just described. If a company that had been given support succeeded in developing and producing a vaccine, this investment should serve as a down payment on the doses to be purchased by the Member States. The Member States would be responsible for their purchases and resulting liability, as vaccination policy remained a matter under national competence.

Ms KYRIAKIDES emphasised the fact that the initiative proposed did not concern only the Union, but was closely linked to the global initiative to find a vaccine. No one would be safe from COVID-19 until the whole world was protected against it.

To conclude, she drew the meeting's attention to the fact that it was not certain that a vaccine would be found, so the Union would be investing with no guarantee of a result, but this was a calculated risk that the Union had to take on an informed basis. She had sent a message to the health ministers, who were due to approve that day the strategy's governance mechanism. The steering board could therefore hold its first meeting that week and negotiations could start immediately.

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

- the need for the joint strategy presented, the expectations it created, and the importance of explaining it;

- the achievement that development of a global vaccine within the time period referred to in the Communication would represent;
- satisfaction that the Communication presented by the Commission sent a strong political message, without compromising on the safety of the future vaccine or on universal access to it;
- the message that the Union was thus sending to researchers, in taking a risk for them and providing them with support to make progress in the search for a vaccine;
- the security that it simultaneously brought to pharmaceutical companies, by setting clear rules and participating in the risk that they were taking;
- a reminder that the Member States had been involved in the process since the start, in solidarity;
- the signal that the Union was sending of continuity in its global action, by acting as a driver in the donors' conference for investment in the development of a universal vaccine to which the whole world would have access;
- the need to communicate the action taken at the global level by the Union in the search for a vaccine against COVID-19 and in making it available to everyone;
- the desire to send a clear message to the pharmaceutical companies that were provided with support, that if they succeeded in developing and producing an effective vaccine there would have to be a return on the investment in the form of compensation to the Union;
- similarly, the attention to be given to the fact that the sums to be paid to these companies had to correspond to real advances in the search for or production of an effective vaccine;

- more generally, the recommendation that a discussion be organised within the College on collaboration between the Commission and the pharmaceutical industry in future;
- in view of the probability that similar crises would occur in future, the expediency of recording the action taken by the Commission during the current COVID-19 crisis and of learning lessons from it, thus creating a long-term legacy for the current Commission and helping to manage other crises.

The PRESIDENT concluded the discussion with a reminder that in general it took 10 years to develop a vaccine, and that in its Communication that day the Union was aiming to reduce the time required for finding a vaccine, clinical trials, authorisations for placing on the market and production to 12 to 18 months, which was quite remarkable.

In terms of the record of the action taken by the Commission, she proposed reflecting on the idea that at the appropriate moment the College should have a discussion, as part of a seminar or a retreat, to go over what had been successful and what had not been successful in the management of the COVID-19 crisis.

The Commission approved the Communication in COM(2020) 245/3, for transmission to the European Parliament, the European Council, the Council and the European Investment Bank and, for information, to the national parliaments.

9. WHITE PAPER ON LEVELLING THE PLAYING FIELD AS REGARDS FOREIGN SUBSIDIES (COM(2020) 253 TO /3; RCC(2020) 91)

Ms VESTAGER presented the White Paper on levelling the playing field as regards foreign subsidies, the publication of which opened a public consultation until 23 September 2020.

She explained the thinking behind the White Paper.

She pointed out that State aid, above the de minimis threshold, granted to undertakings by the Member States was subject to approval by the Commission in order to ensure a level playing field within the single market. However, if that aid came from authorities outside the European Union, there was no provision for similar control.

Under these conditions, there was a real risk of distorting the level playing field within the European single market.

She also drew the attention of the Members of the Commission to the fact that undertakings receiving aid, although present in the EU, might be owned or ultimately controlled by a non-European entity or by a third country and that the geopolitical dimension of this matter should not be overlooked.

In a delicate economic and geopolitical climate exacerbated by the crisis caused by the COVID-19 pandemic, Ms VESTAGER felt it was important to fill this regulatory gap and to be very vigilant with regard to foreign subsidies so that they did not distort competition within the single market. She explained that to that end the White Paper proposed new instruments for the EU.

She briefly outlined the three modules proposed to address the distortion effects caused by foreign subsidies.

She said that the first module proposed a general market surveillance instrument to address any situation where foreign subsidies could lead to distortions in the single market. If an assessment indicated that there was a risk of distortive subsidisation, redressive measures could be imposed unless the Commission found that the positive impact in the EU of the activity or investment receiving the subsidy outweighed the identified distortion.

Moreover, she said that the first module could be supplemented by a second module focussed on combatting distortions caused by foreign subsidies that facilitated the acquisition of EU undertakings. This module would aim to ensure that foreign

subsidies did not confer an undue advantage on their beneficiaries when they acquired EU undertakings or shares in them.

To achieve that, the undertakings that received financial support from third-country authorities would have to notify the Commission of their acquisitions of undertakings in the EU above a certain threshold. Through the White Paper, stakeholders were consulted on the threshold to be adopted in this respect.

If the Commission found that an acquisition was facilitated by a foreign subsidy and that it distorted the single market, it could accept commitments by the notifying party to effectively remedy the distortion or, as a last resort, forbid the acquisition.

The third module tackled the issue of foreign subsidies that were likely to be harmful to the EU's public procurement procedures by allowing tenderers to submit bids at excessively low prices.

In parallel to these three modules, she added that the White Paper defined a general approach to foreign subsidies in the context of EU funding.

Ms VESTAGER stressed the very innovative and bold nature of the approach proposed in the White Paper, which for the first time examined the question of subsidies from third countries in reaction to a changing economic and geopolitical context. She felt it was essential to conserve the beneficial effects of competition for consumers and for the EU, but also to protect EU companies from excessive unfair competition.

Mr BRETON agreed and highlighted the change of approach the White Paper would bring by rightly organising the defence of the EU's interests.

Although the work on foreign subsidies had been explicitly announced at the beginning of the current Commission's term of office, he said that it was all the more relevant at a time when the crisis caused by the COVID-19 pandemic had created economic conditions that increased the risk of distortion of competition

owing to foreign subsidies. In this respect, organising the defence of the EU's interests and strengthening its resilience were more necessary than ever.

He returned briefly to the third module proposed in the White Paper. He stressed its importance in view of the proportion of EU expenditure that was accounted for by public procurement and the many undertakings, in particular small and medium-sized enterprises, that took part in it. That was why he thought it was important to ensure a level playing field for both economic and geopolitical reasons.

Lastly, he said he was convinced that the White Paper would undoubtedly raise expectations on the part of a number of economic operators, so the Commission would have to be in a position to swiftly propose specific measures once the results of the public consultation on the White Paper had been analysed and put to use.

Mr HOGAN reiterated the advisability of enriching the EU's toolbox with the modules presented to ensure a level playing field in the single market and to support the EU's strategic objectives while maintaining an open European economy.

Although he spoke of the advantages of such an economy, he took the view that trading partners of the European Union that invested in European territory should abide by the same rules as European operators.

He drew the Commissioners' attention to the fact that third countries that subsidised operators were driven by their own strategic objectives and were only too willing to draw on their economic strength in the pursuit of their geostrategic ambitions. In these conditions, there was no place for naivety. He therefore emphasised the decisive importance of developing the European Union's open strategic autonomy.

He pointed to the added value that the White Paper brought to the existing and planned tools, in particular the reinforced foreign direct investment screening mechanism, the trade defence instruments and the proposal for an international procurement instrument. He was pleased that the White Paper sought to coordinate different policies by creating synergies between them, in support of the European Union's open strategic autonomy.

Mr HOGAN ended with the strong political message that the White Paper addressed to both third countries and economic players concerned about the matter at hand. He viewed it as a decisive initiative to boost the European Union's role internationally on the basis of trade reciprocity.

Mr HAHN welcomed the fact that the White Paper dealt with all the methods of managing the EU budget – direct, shared and indirect.

More generally, he suggested ensuring that the arrangements for awarding grants or procurement contracts resulting from this highly welcome initiative did not discourage applicants and the European Union's partners from submitting bids or managing EU funds indirectly. With regard to indirect management, he referred in particular to the concerns of the EU's international financial institution partners, which feared that the conditions might be overly prescriptive.

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

- the observation that the White Paper constituted a flagship initiative, bringing a noteworthy change of strategic approach at just the right time; its importance in geopolitical terms;
- support for the objective of protecting the European Union's interests, the challenge being to provide such protection without slipping into protectionism; the observation that this undertaking needed to be guided by the open strategic autonomy of the European Union;
- the regulatory gap that needed to be filled with respect to foreign subsidies which could skew competition within the single market;
- the extent of the damage that they could cause and the comment that, in addition to China, where the use of substantial subsidies to pursue strategic goals was well known, other third countries had developed or could develop similar

strategies; in view of this, reference to the tools that the European Union vitally needed to acquire;

- the advisability of emphasising that the conditions resulting from the COVID-19 pandemic argued in favour of taking action rapidly in view, *inter alia*, of the risk of European companies being bought up;
- support for the idea of obliging the European Union's partners to play by the same rulebook that the Union obliged itself to play by; the difficulties that could, nonetheless, arise in implementing such a move;
- a note of warning, with regard to the first module put forward by the White Paper, that the Commission, as the supervisory authority, might have to take account of local interests of which it had little knowledge;
- a call for caution to be exercised in combining the measures proposed by the White Paper with the management of the Structural and Investment Funds;
- a warning about the fact that China might consider itself to be particularly targeted by the White Paper and could react quite strongly;
- the importance, therefore, of tailoring communications aimed at the EU's partners;

Ms VESTAGER confirmed that the White Paper did not target one particular country alone. She pointed out that numerous third countries made use of subsidies which were liable to skew competition within the single market.

She wound up by emphasising that the novel approach put forward in the White Paper, firmly geared towards protecting the interests of the European Union, reflected the reality of an unforgiving world to which the EU had to respond appropriately, i.e. simply by treating its partners in the same way as it treated itself.

In addition, she said that all of the European Union's delegations would be informed and provided with the wherewithal to communicate on the initiative.

The Commission approved the White Paper in COM(2020) 253/3, for transmission to Parliament and the Council and, for information, to the national parliaments.

10. POLICY DEBATE ON RELATIONS BETWEEN THE EUROPEAN UNION AND CHINA
(SEC(2020) 246)

The Commission held a policy debate on relations between the European Union and China ahead of the summit to be held on 22 June.

The Commission took note of the contributions to the debate and of the background note distributed as SEC(2020) 246.

11. REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE, AND THE COMMITTEE OF THE REGIONS ON THE IMPACT OF DEMOGRAPHIC CHANGE
(COM(2020) 241 TO /3; SWD(2020) 109 TO /3; RCC(2020) 89)

Ms ŠUIČA presented to the College the Commission's Report on the Impact of Demographic Change, the approval of which had been delayed slightly in order to draw lessons from the COVID-19 pandemic. The pandemic had demonstrated the impact of demography on the spread of the virus and on the different exit or recovery scenarios. It was an underlying constant owing to the Union's ageing population – older people had suffered disproportionately from the virus – and the composition of households in the Union, because physical distancing measures were observed differently depending on whether a household comprised a single person or three generations living under the same roof. The COVID-19 pandemic had also pushed health and care systems to the limit. The report therefore aimed to show the extent to which demographic change and the green and digital transitions were interdependent and impacted citizens' daily lives.

She said that the issue of the diversity of the Union's population had not been addressed in detail in the report because its significance was not comparable to that of the other trends highlighted in the report and might therefore have been misleading if included, but that it had a direct impact on the analysis of demography in that it had strongly influenced population change in certain Member States over recent decades. This issue should therefore be re-examined not only from a demographic perspective, but also in light of other factors such as the need to guarantee equal opportunities for all.

Ms ŠUIČA presented the structure of the report, the first part of which sought to identify major demographic trends while the second set out to anticipate their impact on the situation in the European Union. The report also included 27 country fact sheets and had a dedicated website. This website would be brought online that day. In the years ahead it would ultimately become a Union repository of demographic data and knowledge.

The report aimed to develop avenues for discussion in order to prepare the next steps, namely the Green Paper on population ageing, a long-term vision for rural areas and other initiatives already planned.

Moreover, its publication was particularly timely, because a few days earlier the Council had invited the Commission to make concrete progress in many areas related to demography, to which this report already provided some initial answers.

Ms ŠUIČA then referred to the main demographic trends that influenced citizens' lives and livelihoods, analysis of which should ensure that no one would be left behind in policy-making.

For example, life expectancy at birth had increased over time to reach 78.2 years for men and 83.7 years for women in 2018; this trend was set to continue because men born in 2070 would expect to live to the age of 86 and women to the age of 90. She also highlighted the fact that 30.3% of the Union's population was expected to be aged 65 or over (compared to 20.3% in 2019) and 13.2% aged 80 or over (compared

to 5.8% in 2019) by 2070. Moreover, Europe's share of the world population was still falling and expected to account for just under 4% of the world's population by the same year.

These significant trends had implications for four policy areas. The first was the **labour market**, since the impact of a shrinking workforce was being felt initially in a lack of resources that could only be filled by a broader and more inclusive labour market that maximised all its assets, talents and diversity. In this context, productivity and growth would require support through investment in skills and education.

The second area involved **health and care services**, in which the COVID-19 pandemic in the space of a few weeks had exposed the extreme fragility resulting from a lack of resilient systems adapted to an ageing population. In this respect, the report highlighted at the same time the growing burden caused by chronic diseases, the shortage of health and care sector professionals and the need to meet the growing demand for accessible and high-quality services.

The third area related to the impact of the discernible trends in **public budgets**, as an older Europe with fewer labour resources would necessarily increase pressure on Member States' budgets. On this point, the report indicated that the major challenge facing Europe would be to provide funding for age-related expenditure that was fair for all generations.

The fourth and final policy area that would be affected by the impact of demographic trends involved the **regional dimension**, particularly with regard to depopulation.

Ms ŠUICA ended her presentation by pointing out the highly specific circumstances in which the report was being presented and which highlighted the link between demographic structures, their impact and the potential for economic recovery. Nevertheless, she felt that the report's value went far beyond the current context as

it gave an overview of knowledge about current megatrends and would serve as a basis for the Union's work on demography in the years ahead.

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

- the scale of the demographic changes that were expected to have a profound impact on the evolution of European societies and had to be anticipated so that answers and solutions could be found to the major challenges brought about by these changes;
- the need to continue analysing population trends by incorporating other dimensions such as the increasing diversity of Member States' populations;
- the sensitivity of the debates that would necessarily accompany the more detailed analysis of demographic change in the context of a crisis of identity that fuelled argument and controversy;
- the case for fostering a dispassionate debate on demographic trends based on objective and statistical data;
- the major challenge of the steady decline in the Union's working-age population, which had a profound impact on the labour market, the potential for growth and the viability of social protection systems, which could call into question the European model for the organisation of society;
- in this context, the prominent role that immigration could play in stemming the decline in the working-age population while preserving the Union's growth potential and safeguarding social protection systems;
- the importance of educating the public by informing it of the issues at stake in the long-term decline of the working-age population in the Union, and the cultural and social challenges this entailed;

- the need to bear in mind that as a result of population ageing, with almost half the Union's population aged 60 or over and with half of people aged over 65 having a disability, one in every two Union citizens would live a third of their lives with a disability;
- hence the need to start planning now the necessary measures, tools and adjustments to enable this significant proportion the population with a disability to live in dignity;
- the importance of identifying the most vulnerable sections of the population to ensure that no one was left behind while supporting the demographic transformation;
- the multiple social and human consequences of demographic change, particularly loneliness, which affected a growing number of citizens in the context of population ageing and the increasing numbers of people who lived alone;
- the case for adapting the analysis of demographic change to each region and each social group in order to learn from each specific situation and develop appropriate tools and services;
- the need to influence the fertility rate in Europe by means of family support policies;
- the geopolitical dimension of the Union's demographic change, which, in view of its ageing and shrinking population, posed a major challenge if the Union wished to maintain its influence on the international stage.

The PRESIDENT concluded the discussion by indicating that the report on the impact of demographic change marked the beginning of the current Commission's work in this area and would help it to identify the best way to support the people, communities and regions most affected. She said that it would be used as the basis for the upcoming Green Paper on ageing and long-term vision for rural areas.

The Commission approved the Report in COM(2020) 241/3, 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, together with the staff working document distributed as SWD(2020) 109/3, the contents of which were noted.

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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 13.00.