



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

**PV(2022) 2417 final**

*- English translation of the French version which is authentic -*

Strasbourg, 7 June 2022

# TEXTE EN

## MINUTES

**of the 2417<sup>th</sup> meeting of the Commission**

**held in Brussels**

**(Berlaymont)**

**on Wednesday 11 May 2022**

**(morning)**

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**Single sitting: Wednesday 11 May 2022 (morning)**

The sitting opened at 9.06 with Mr TIMMERMANS in the chair.

**Present:**

|                        |                                      |                           |
|------------------------|--------------------------------------|---------------------------|
| Mr TIMMERMANS          | 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                               |                           |
| Ms GABRIEL             | Member                               | Items 8/9 to 13           |
| Mr SCHMIT              | Member                               |                           |
| Mr GENTILONI           | Member                               |                           |
| Mr BRETON              | Member                               |                           |
| Ms FERREIRA            | Member                               |                           |
| Ms KYRIAKIDES          | Member                               |                           |
| Mr REYNDERS            | Member                               | Items 8/9 to 13           |
| Ms DALLI               | Member                               |                           |
| Ms JOHANSSON           | Member                               |                           |
| Mr LENARČIČ            | Member                               |                           |
| Ms VÁLEAN              | Member                               | Items 8/9 (in part) to 13 |
| Mr VÁRHELYI            | Member                               | Items 8/9 (in part) to 13 |
| Ms URPILAINEN          | Member                               |                           |
| Ms SIMSON              | Member                               |                           |
| Mr SINKEVIČIUS         | Member                               |                           |
| Ms McGUINNESS          | Member                               |                           |

Absent:

|                  |                          |
|------------------|--------------------------|
| Ms von der LEYEN | President                |
| Ms VESTAGER      | Executive Vice-President |
| Mr DOMBROVSKIS   | Executive Vice-President |
| Mr WOJCIECHOWSKI | Member                   |

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

|                  |                                            |
|------------------|--------------------------------------------|
| Mr STENG         | Expert from Ms VESTAGER's cabinet          |
| Ms VEGNER        | Deputy Chef de cabinet to Mr DOMBROVSKIS   |
| Mr PINTO ANTUNES | Deputy Chef de cabinet to Mr WOJCIECHOWSKI |

The following also sat in:

|                      |                                                                       |                 |
|----------------------|-----------------------------------------------------------------------|-----------------|
| Mr CALLEJA CRESPO    | Director-General, Legal Service                                       |                 |
| Ms AHRENKILDE HANSEN | Director-General, DG Communication                                    |                 |
| Ms SPINANT           | Deputy Chief Spokesperson of the Commission                           |                 |
| Ms PETKOVA           | Director of Coordination and Administration in the PRESIDENT's Office |                 |
| Ms HILI              | Adviser in the PRESIDENT's Office                                     | Items 8/9       |
| Ms MICELI            | Policy Coordinator in the PRESIDENT's Office                          | Items 8/9 to 12 |
| Mr AGOTHA            | Expert in Mr TIMMERMANS's Office                                      |                 |
| Ms BUKA              | Secretariat-General                                                   |                 |
| Ms ALLOUIS-LE LOSTEC | Head of Unit in the Secretariat-General                               |                 |

Secretary: Ms JUHANSONE, Secretary-General, assisted by Ms DEPREZ, Director in the Secretariat-General.

**1. AGENDAS**

**(OJ(2022) 2417/FINAL; SEC(2022) 2417/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(2022) 2417)**

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 10 May 2022.

**3. APPROVAL OF THE MINUTES**

The Commission held over approval of the minutes of its 2414<sup>th</sup>, 2415<sup>th</sup> and 2416<sup>th</sup> meetings of 5 and 27 April and 3 May 2022 for a later date.

**4. INTERINSTITUTIONAL RELATIONS**

**(RCC(2022) 116/2)**

The Commission took note of the record of the meeting of the Interinstitutional Relations Group (IRG) held by videoconference on Friday 6 May 2022 (RCC(2022) 116/2).

The Commission approved the lines proposed for the following points:

- **Measures for a high common level of cybersecurity across the Union, and repeal of Directive (EU) 2016/1148 (Directive) – GROOTHUIS report – 2020/0359 (COD)**

Line set out in SI(2022) 140/3.

- **Amendment of Council Regulation (EC) No 1224/2009, and amendment of Council Regulations (EC) No 768/2005, (EC) No 1967/2006, (EC) No 1005/2008, and Regulation (EU) 2016/1139 of the European Parliament and of the Council as regards fisheries control (Regulation) – AGUILERA report – 2018/0193 (COD)**

Line set out in SI(2022) 141.

- **COVID-19**
  - **Amendment of Regulation (EU) 2021/953 on a framework for the issuance, verification and acceptance of interoperable COVID-19 vaccination, test and recovery certificates (EU Digital COVID Certificate) to facilitate free movement during the COVID-19 pandemic (Regulation) – 2022/0031 (COD)**
  - **Amendment of Regulation (EU) 2021/954 on a framework for the issuance, verification and acceptance of interoperable COVID-19 vaccination, test and recovery certificates (EU Digital COVID Certificate) with regard to third-country nationals legally staying or residing in the territories of Member States during the COVID-19 pandemic (Regulation) – 2022/0030 (COD)**

Line set out in SI(2022) 143/2.

- **Amendment of Regulation (EU) No 575/2013 and Directive 2014/59/EU as regards the prudential treatment of global systemically important institution groups with a multiple point of entry resolution strategy and a methodology for the indirect subscription of instruments eligible for meeting the minimum requirement for own funds and eligible liabilities (Regulation) – FERNÁNDEZ report – 2021/0343 (COD)**

Line set out in SI(2022) 117.

- **Machinery products (Regulation) – ŠTEFANEC report – 2021/0105 (COD)**

Line set out in SI(2022) 146.

- **European Parliament resolutions based on Article 225 of the Treaty on the Functioning of the European Union (TFEU) – A statute for European cross-border associations and non-profit organisations – LAGODINSKY report – 2020/2026 (INL)**

Line set out in SP(2022) 277.

The Commission approved the lines proposed for the following points, for transmission to the European Parliament:

- **Commission replies to the non-legislative resolutions adopted by the European Parliament at its part-session of March I 2022 (Part II)**

Line set out in SP(2022) 271/2.

- **Commission replies to the non-legislative resolutions adopted by the European Parliament at its part-session of February 2022 (3<sup>rd</sup> and last part)**

Line set out in SP(2022) 280/2.

- **Commission replies to the legislative resolutions (and list of non-legislative resolutions without formal reply) adopted by the European Parliament at its part session of April 2022**

Line set out in SP(2022) 281.

The Commission approved the line proposed for the following point, for transmission to the Committee of the Regions:

- **Follow-up to opinions of the Committee of the Regions – Plenary session of**

## **December 2021**

Line set out in SR(2022) 5/2.

The Commission took note of the following points:

- **Amendment of Regulation (EU) 2018/1727 of the European Parliament and the Council, as regards the collection, preservation and analysis of evidence relating to genocide, crimes against humanity and war crimes at Eurojust (Regulation) – 2022/0130 (COD)**

Information set out in SI(2022) 144.

- **Amendment of Regulation (EU) 2017/1938 of the European Parliament and of the Council concerning measures to safeguard the security of gas supply and Regulation (EC) No 715/2009 of the European Parliament and of the Council on conditions for access to natural gas transmission networks (Regulation) – BUŞOI report – 2022/0090 (COD)**

Information set out in SI(2022) 149.

- **Results of the European Parliament's May I 2022 part-session**

Information set out in SP(2022) 248.

- **European Bank for Reconstruction and Development (EBRD) – Annual Meeting 2022**

Information set out in SPI(2022) 30.

## **5. COORDINATION OF EXTERNAL ACTION (RCC(2022) 20)**

The Commission took note of the operational conclusions in RCC(2022) 20 of the

meeting of the Group for External Coordination (EXCO) held on Wednesday 4 May 2022.

## **6. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS**

### **6.1. WRITTEN PROCEDURES APPROVED**

**(SEC(2022) 183 ET SEQ.)**

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 2 and 8 May 2022.

### **6.2. EMPOWERMENT**

**(SEC(2022) 184 ET SEQ.)**

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 2 and 8 May 2022.

### **6.3. DELEGATION / SUBDELEGATION OF POWERS**

**(SEC(2022) 185 ET SEQ.)**

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedures between 2 and 8 May 2022 archived in Decide.

### **6.4. SIGNIFICANT WRITTEN PROCEDURES**

**(SEC(2022) 186 AND /2)**

The Commission took note of the significant written procedures for which the time limit expired between 10 and 13 May 2022, and of the finalisation written procedure.

**7. ADMINISTRATIVE AND BUDGETARY MATTERS**  
**(SEC(2022) 187)**

**ADMINISTRATIVE MATTERS**  
**(PERS(2022) 26)**

**7.1. OFFICE FOR INFRASTRUCTURE AND LOGISTICS IN LUXEMBOURG – AUTHORISATION OF THE INTERNAL AND INTERINSTITUTIONAL PUBLICATION, AT GRADE AD14/15, AND EXTERNAL PUBLICATION, AT GRADE AD14, OF A DIRECTOR POST**  
**(PERS(2022) 27)**

On a proposal from Mr HAHN, in agreement with the PRESIDENT, the Commission decided to authorise the internal and interinstitutional publication, at grade AD14/15, and external publication, at grade AD14, of the vacancy notice set out in PERS(2022) 27 for the post of Director of the Office for Infrastructure and Logistics in Luxembourg (OIL), in accordance with Article 29(1)(a)(i) and (iii), Article 29(1)(b) and Article 29(2) of the Staff Regulations.

This decision would take effect immediately.

**7.2. LEGAL SERVICE – AMENDMENT OF THE ORGANISATION CHART**  
**(SEC(2022) 206)**

On a proposal from Mr HAHN, in agreement with the PRESIDENT, the Commission decided:

- to create a new directorate, SJ.R ‘Resources and Performance Management’;
- to approve the new organisation chart set out in SEC(2022) 206.

After the restructuring, the total number of directorates in the Legal Service would increase from 14 to 15, and the number of units would increase from 5 to 6.

These decisions would take effect on 1 July 2022.

8. **COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS - A DIGITAL DECADE FOR CHILDREN AND YOUTH: THE NEW EUROPEAN STRATEGY FOR A BETTER INTERNET FOR KIDS**  
(COM(2022) 212 AND /2; RCC(2022) 123)
9. **PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL LAYING DOWN RULES TO PREVENT AND COMBAT CHILD SEXUAL ABUSE**  
(COM(2022) 209 AND /2; SWD(2022) 209 AND /2; SWD(2022) 210 AND /2; SEC(2022) 209; RCC(2022) 123)

Mr TIMMERMANS opened the discussion on the two measures on the table that day concerning the rights of the child. He asked Ms ŠUICA to present first the Communication on a new strategy for a Better Internet for Kids.

Ms ŠUICA underlined the fact that the European digital society needed to ensure a safe, secure and trustworthy digital space for all, including children, who access the internet from an early age and spend increasingly more time playing, learning, creating and interacting on it. The time children spent online had almost doubled between 2010 and 2020.

The COVID-19 pandemic had led to a further increase in the time children spent online and it had accelerated the shift to online education; however, it had also widened the digital divide for children from disadvantaged backgrounds or without

an internet connection. While children had benefited from a large number of new online opportunities over the past decade, they had also been exposed to new risks – being treated as consumers or faced with violence, cyberbullying and sexual abuse, not to mention the impact on their mental health.

The rights of each child should be respected, protected and fulfilled in the digital environment, and this was precisely the purpose of the Communication submitted that day for approval by the College.

Outlining the stages of its development, Ms ŠUIČA pointed out that the strategy adopted that day was based on the European Strategy for a Better Internet for Children adopted in 2012. In March 2021, when adopting the first ever comprehensive EU Strategy on the Rights of the Child, the Commission had called for an update of that 2012 strategy. Last year, UN General Comment No 25 had further established that the rights of the child must be equally respected online and offline.

Furthermore, the February 2022 EU Declaration on Digital Rights and Principles for the Digital Decade focused on the protection and empowerment of children. These matters had also been given prominence at the Conference on the Future of Europe, with the Citizens' Panel which dealt with values and rights submitting a proposal on better online protection of minors to the Presidents of the European Parliament, the Council and the European Commission at the closing ceremony of the Conference on 9 May. Just two days later, the Commission thus started to implement this proposal.

Ms ŠUIČA explained that young Europeans had been extensively consulted on the development of this new strategy, which was intended to ensure that they had easy, safe and non-discriminatory access to digital technologies and that at the same time they acquired the digital skills and the awareness needed to make sound digital choices.

The core vision of the strategy was to fully include children in the digital transition so that they could have full enjoyment of their digital rights and access the available online content and services regardless of their geographical, economic or personal origin – content that was age-appropriate, informative and created in accordance with the best interests of the child.

Ms ŠUICA pointed out that this strategy would in particular underpin the implementation of the strengthened provisions of the new Digital Services Act (DSA) and the Regulation to prevent and combat the sexual abuse and sexual exploitation of children.

As the internet had no borders, the Commission was also seeking to empower children and young people around the world in the digital sphere, as provided for in the Global Gateway.

The upcoming Youth Action Plan forming part of the EU's external action would strengthen the role of young people in the digital transition and support safe digital environments that foster their participation and empowerment.

Ms ŠUICA added that, in this European Year of Youth, she wanted children and young people to be drivers of change in all areas. She welcomed the fact that this new Better Internet for Kids strategy gave them a say and a place in the digital sphere.

Mr BRETON saw this proposal as an essential step in protecting children from the risks of the digital space. During the pandemic, children had on average spent more than 7 hours each day in front of a screen, and they were the most vulnerable users in this space. Six out of ten children had already fallen victim to online hate speech or cyberbullying, and had also been confronted with illegal and inappropriate content.

He recalled the specific measures put in place in the EU under the 2012 strategy, for instance the network of Safer Internet Centres in all Member States, a

communication campaign and a website containing educational resources for young people, parents and teachers.

He also drew attention to the Digital Services Act, one of the main pillars of which was the protection of minors; it provided for penalties for platforms that did not comply with European rules in this area.

It was clear from all these developments that the new Better Internet for Kids strategy formed part of the EU's vision for the new digital decade.

This strategy comprised three pillars.

The first pillar concerned a safe digital environment for children, adapted to their age, in particular by means of digital methods of proving age which would be recognised at EU level. The Commission would work with Member States, in the framework of the recent proposal for a European Digital Identity, and with European standardisation organisations to strengthen effective age verification tools. However, stakeholders in the sector should not shirk their responsibilities. For this reason, the Commission would liaise with them to develop an initial code of conduct to ensure that digital sites and applications were adapted to young users.

Mr BRETON then turned to the second pillar of the strategy: the digital empowerment of minors. The aim was to help children and young people acquire the skills needed to navigate the internet in a safer and more responsible way, for instance by introducing media literacy modules and exchanges of best practices in school curricula in the Member States. The Safer Internet Centres network would support children in vulnerable situations by offering them digital training.

Lastly, the third pillar concerned the active participation of minors, giving them a say in matters relating to the digital environment. In view of their unique outlook on the digital world, children should be listened to more and involved in the development and evaluation of digital products, services and policies. The Commission intended to organise a child-led evaluation of the strategy every

two years, and it called on stakeholders in the sector to systematically involve children in the development and deployment of their digital products and services.

Mr BRETON concluded by highlighting the fact that, thanks to the measures announced that day, the EU would be able to protect and empower children and young people in the current digital decade.

Mr TIMMERMANS then asked Mr SCHINAS, Ms ŠUICA and Ms JOHANSSON to present the proposal for a Regulation laying down rules to prevent and combat child sexual abuse.

Mr SCHINAS said that the Commission was that day proposing new targeted legislation in this area, building on the success of the EU in legislating on the removal of terrorist content online. He noted that Europe was the region of the world with the largest concentration of material related to child sexual abuse online, which obliged the Commission to act. The proposal thus established a clear and harmonised legal framework for preventing and combating child sexual abuse.

He praised the personal commitment of Ms JOHANSSON, who had long been championing this cause and had been very determined to present clear rules, accompanied by strong conditions and safeguards, to effectively combat the use of online services for the purpose of child sexual abuse.

He also thanked Mr HAHN for suggesting that the EU's new independent centre dealing with child sexual abuse issues ('EU Centre') provided for in the proposal be hosted on Europol's premises. The EU Centre would be a hub of expertise, providing reliable information on the material identified, receiving and analysing reports from providers, promptly transmitting reports that must be referred to these authorities, and providing support to victims.

Mr SCHINAS also thanked Mr REYNDERS for helping to define in the proposal for a Regulation a targeted, balanced and circumscribed scope with regard to encryption.

Ms ŠUIČA considered that promoting and protecting children's rights online as well as offline was essential for the well-being of society. This was stipulated in Article 24(2) of the Charter of Fundamental Rights and Article 3(3) of the Treaty on European Union, as well as the United Nations Convention on the Rights of the Child, which all EU Member States had ratified.

She said that according to the Council of Europe, at least one in five children were victims of sexual violence during childhood and that online sexual abuse was unfortunately widespread. Moreover, it had serious long-term consequences for children's development and left them with a deep trauma, from which some may never recover.

In March 2021, the Commission had presented the EU Strategy on the Rights of the Child, which, together with other initiatives, proposed reinforced measures to protect children against all forms of violence, including online abuse.

She therefore considered the two proposals presented that day to be a further step towards guaranteeing child rights and their protection, ensuring that all children felt safe and could thrive in life, while respecting their physical and psychological integrity.

She defined online sexual abuse material as the product of the manifested physical sexual abuse of children, which was highly reprehensible. Its detection and reporting was necessary to prevent it from being reproduced and disseminated, and was a vital means of identifying and assisting victims. The abuse was preventable if the whole of society – governments, civil society, economic actors, educators and families – was involved in this cause, from prevention, to detection, to law enforcement and to support for the victims, always with child's best interest in mind.

Ms ŠUIČA concluded her presentation by highlighting the delicate balance provided for in the proposal for a Regulation between the fundamental interests at stake and

respect for the principle of proportionality between the seriousness of the crime committed and the measures taken to address it.

Ms JOHANSSON stressed the urgent need to protect children from sexual abuse in general, which was often committed by people in their surroundings whom they trusted, and which could last for years because victims remained silent. That was why in July 2020 the Commission had proposed its strategy for combating such abuses more effectively.

She confirmed the scale and severity of the phenomenon online, as evidenced by the 6 000% increase in reports registered in the EU between 2010 and 2020. She noted that 85 million images and videos depicting child sexual abuse were reported globally in the year 2021 alone, giving an idea of the scale of the crimes committed. The COVID-19 pandemic had exacerbated the problem since, according to the Internet Watch Foundation, confirmed reports of child sexual abuse had increased by 64% in 2021 compared to the previous year.

The current system, which was based on voluntary detection and reporting by service providers, was not sufficient to protect children properly and, in any event, the system would no longer be able to function once the provisional Regulation currently in force had ceased to apply (Regulation (EU) 2021/1232 of the European Parliament and of the Council of 14 July 2021).

Up to 95% of all reports of child sexual abuse received in 2020 came from a single company, despite clear evidence that the problem did not exist on only one platform.

Ms JOHANSSON therefore considered the proposal for a Regulation presented that day to be ground-breaking in that it ensured that those serious criminal offences no longer remained in the shadows.

She mentioned some of the rules, as well as the strong conditions and safeguards attached to them, for effectively combating the misuse of online services for the purpose of committing child sexual abuse.

The proposed rules would oblige providers to detect, report and remove child sexual abuse material on their services. Providers would need to assess and minimise the risk of misuse of their services, taking measures that must be proportionate to that risk and subject to robust conditions and safeguards.

She added that, for their part, the Member States would have to designate national authorities to examine the risk assessment and, if a significant risk persisted, request a court or an independent national authority to issue a detection order concerning known or new material relating to child sexual abuse or grooming practices. Detection orders were limited in time, targeting a specific type of content on a specific service.

She referred to the safeguards provided in relation to detection, pointing out, first, that companies having received a detection order would have to use indicators verified and provided by the EU Centre to comply with the order. Detection technologies must be used only for the purpose of detecting child sexual abuse. Providers would have to deploy technologies that were the least privacy-intrusive in accordance with the state of the art in the industry, and that limit the error rate of false positives to the maximum extent possible.

Ms JOHANSSON also highlighted the obligations of providers that had detected child sexual abuse online to report it to the new EU Centre for this purpose. She said that the national authorities would be able to issue removal orders if child sexual abuse material was not swiftly taken down. Internet access providers would also be required to disable access to images and videos that could not be taken down, for example because they were hosted outside the EU in non-cooperative jurisdictions. Finally, she pointed out that the proposal for a Regulation contained solid oversight

mechanisms and provided for judicial redress before reports were sent to law enforcement authorities and Europol.

She welcomed the fact that with this legislation, the EU was a global pioneer. She was aware of the criticism that would be addressed to the Commission, in particular that of allegedly overriding the encryption of data. She disagreed, pointing out that the proposal did not prescribe any specific technology to detect online child sexual abuse and that providers may use the same technology as they apply in the fight against spam.

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

- the College’s strong support for these two initiatives, the importance and even urgency of which had been highlighted, given the need to protect children and the scale of online child sexual abuse in particular; an assurance as to the active participation of the Members of the Commission in defending these initiatives before the co-legislators;

***With regard to the new Strategy for a Better Internet for Children:***

- the appropriateness of this Communication, following the adoption of the Digital Services Act, which confirmed the EU’s desire to strengthen the protection of minors;
- the fitting response that this strategy provided to the fears expressed by the participants at the Conference on the Future of Europe regarding the risks of excessive consumption of digital services by children, particularly since the COVID-19 pandemic started;
- the key role of education in developing digital skills, bridging the digital divide between generations, and making children, families and educators aware of the risks of internet use;

- the extension of this strategy beyond the EU's borders, within the framework of external policy;

***With regard to the proposal for a Regulation laying down rules to prevent and combat child sexual abuse:***

- the protection that this proposal would provide for children, who were by nature vulnerable, against the deep trauma that they could suffer as a result of online sexual abuse;
- a reminder of the fact that all children could be exposed to these risks, and that sexual predators seeking to abuse them could also be friends or relatives;
- the importance of assisting public authorities in investigating such abuses;
- the finding that children came into contact with pornographic material on the internet at an early age, and the consequences of this on their emotional development in adulthood;
- hence the suggestion of cooperating with schools to ensure the inclusion of sex education in curricula and to inform children of the risks that they would encounter in the digital space;
- more generally, a call to ensure consistency between the proposal for a Regulation on online child sexual abuse and the EU's existing strategies in the field of education;
- the increase in digital inequalities caused by the COVID-19 pandemic;
- the attention to mental health protection required in the context of this health crisis;

- support for the legally binding rules to be imposed on service providers regarding the detection and reporting of online child sexual abuse, infringement of which could result in court proceedings;
- the suggestion that part of the taxes paid by online service providers should be allocated to a large-scale campaign to raise children's awareness of such online abuse;
- the judicious solution proposed whereby Europol would host the new EU Centre responsible for matters relating to child sexual abuse;
- the choice that had been made of a balanced approach and a targeted proposal, rather than embarking on a general debate on security versus the right to privacy and the protection of personal data; the value of the targeted scope favoured, with due regard for the principle of proportionality, to ensure the least possible intrusion; the robustness of the safeguards laid down regarding access to encryption;
- the debate to which this proposal would nonetheless give rise in civil society, amongst service providers and in the European Parliament;
- a reminder that the use of the technology envisaged by the Commission in its initiative was aimed at no more and no less than the protection of children and the EU's values.

Mr HAHN took the opportunity to return to the establishment of the new independent EU Centre responsible for matters relating to child sexual abuse. This was the first time that the Commission had proposed that two agencies be located under the same roof, in view of the Centre's mission, which was similar to monitoring the application of the law, and of the scarcity of available resources. The Commission was suggesting that the Centre should share the Europol site, with joint services in order to make savings and proximity to encourage the closest possible

cooperation between the two entities. However, it was ultimately up to the Member States to decide on the Centre's location.

Moreover, as had already been the case for the European Anti-Money Laundering Agency proposed a few months previously, the Commission had included in its proposal a set of governance measures to give it greater control over the future Centre's administrative issues. In agreement with the PRESIDENT, all future proposals for the creation of agencies would include an arrangement of this type.

Mr HAHN referred to these governance rules.

Prior to any proposal for the creation of an agency, the Commission's standard impact assessment would be used systematically to check whether an internal solution could be found instead, which would always be preferable. The Commission's representative on the management board would have a right of veto regarding the agency's administrative decisions, without influencing the choice of policy to be pursued, for which full independence had to be ensured. The Commission proposal would always put forward a location that was rational in terms of the use of resources, and that offered at least international transport connections and international schools. Furthermore, the Commission made provision for compliance with the highest cybersecurity standards and for coordination of the work of the new agencies with the Commission in this field. Finally, he stressed that support services would be shared with other agencies whenever possible.

Mr HAHN concluded by emphasising that all these elements were part of the 'Common Approach on Decentralised Agencies' that had been approved by the European Parliament, the Council and the Commission.

Following these presentations, the Commission:

- approved the Communication in COM(2022) 212/2 for transmission to the European Parliament, the Council, the European Economic and Social

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

- adopted the proposal for a Regulation in COM(2022) 209/2 for transmission to the European Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions, the European Data Protection Supervisor, the European Data Protection Board and the national parliaments, together with the impact assessment, the summary thereof and the opinion of the Regulatory Scrutiny Board in SWD(2022) 209/2, SWD(2022) 210/2 and SEC(2022) 209, the contents of which were noted.

**10. COMMUNICATION FROM THE COMMISSION – AN ACTION PLAN FOR EU-UKRAINE SOLIDARITY LANES TO FACILITATE UKRAINE’S AGRICULTURAL EXPORT AND BILATERAL TRADE WITH THE EU (COM(2022) 217 AND /2)**

Mr TIMMERMANS asked Ms VĂLEAN to present to the College the Communication presenting an action plan for EU-Ukraine solidarity lanes to facilitate Ukraine’s agricultural export and bilateral trade with the EU.

Ms VĂLEAN explained that the initiative directly responded to the urgent need to identify new supply routes for Ukrainian agricultural exports towards Europe and beyond. She stated that it was also seeking to counter Russian propaganda, which presented the EU and its partners as responsible for the global food shortage.

She pointed out that the main export channel – the Black Sea ports, responsible for 90% of grain and oilseeds exports before the war, was being blocked by Russian military forces, which meant that there was a clear and urgent need to establish alternative routes to support the Ukrainian economy and ensure food security throughout the world.

However, from the point of view of transport and logistics, the search for new routes

for such large quantities of food, for which maritime transport was a natural choice, was a real challenge. By way of example, she explained that, the previous week, it had been necessary to transfer a shipment of 70 000 tonnes of grain from a vessel to no less than 49 barges and freight wagons in order to transport it by land.

In order to meet this logistical challenge, all modes of transport would need to be taken into account in order to upscale or develop freight services linking Ukraine to seaports in the EU, where goods could be shipped farther or stored.

Once established, the capacities of a particular route could be used in both directions, which would, on the one hand, strengthen Ukraine's integration into the EU's transport networks while supporting its exports, and, on the other hand, promote bilateral trade in goods and Ukraine's access to international markets.

Ms VĂLEAN explained that the Communication on solidarity lanes proposed a practical 20-point action plan to address the main bottlenecks identified.

She noted that the difficulties were numerous and diverse in nature: infrastructure interoperability and capacity issues, different rail gauges, lack of transshipment capacity and of availability of appropriate equipment, insufficient coordination, administrative barriers, and plant-health checks applied too strictly by Member States.

To address all these barriers in a comprehensive manner, the Commission was planning measures in the short, medium and long term.

She explained that the short-term measures focused on what was necessary in terms of equipment, procedures and coordination to enable Ukraine to export goods. The medium and long-term measures aimed to further increase Ukraine's connectivity and transport capacity.

Ms VĂLEAN detailed some of the key actions set out in the Communication, starting with the establishment of better coordination through a contact point network in the Member States for the solidarity lanes.

In order to mobilise operators, optimise freight services, and use existing capacity, the Commission would also set up a platform to connect the different actors in the logistics chain to facilitate exchanges.

She then addressed the security issues faced by businesses. The Commission would assess whether additional insurance and trade guarantees would be needed, possibly in cooperation with the EU Member States' national export credit agencies, international financial institutions, and other finance providers, to provide support to rail, road and inland waterway transport companies.

With regard to administrative, procedural and market access barriers, the Communication called on Member States to apply risk-based, proportionate controls and sampling and to ensure that adequate resources were available to speed up customs, plant-health and veterinary border controls.

Ms VĂLEAN noted in particular that the signing of the EU road transport agreement with Ukraine and Moldova would provide greater flexibility for the management of both bilateral and transit operations.

Through legislation, the Commission would also address the administrative problems and validity issues related to driving licences and professional certificates, and would monitor developments in the issuing of tachograph driver cards.

With regard to infrastructure, the Commission would provide guidance on the available funding and on the most appropriate procurement procedures to encourage the renewal or strengthening of infrastructure where quick interventions could produce rapid results.

She added that the Connecting Europe Facility (CEF) call for proposals would make it possible to select projects aimed at improving the interoperability and connectivity of the EU's transport network with Ukraine.

In the long term, the extension of the trans-European transport network (TEN-T) maps to include the corridors to Moldova and Ukraine would ensure better

alignment and integration of their transport networks with those of the EU.

Ms VĂLEAN concluded her presentation by pointing out that the adoption of the action plan was only the first step and that the EU would have to make significant efforts to implement it swiftly. She noted that many of the planned measures went beyond the transport sector and invited the Members of the College to contribute to implementation of the measures within their remit.

A short discussion followed, during which the Commission mainly referred to the instrumentalisation of food supply by the Russian regime and the risk that the transport infrastructure between the EU and Ukraine could become a new military target.

Mr TIMMERMANS concluded the discussion by thanking Ms VĂLEAN for a very important initiative in the current context.

Following these presentations, the Commission, on a proposal from Mr TIMMERMANS, confirmed that the Communication in COM(2022) 217/2 would be formally adopted by the finalisation written procedure, the deadline for which was set at 10:00 on Thursday 12 May 2022 (PE/2022/3190).

#### **11. PROPOSAL FOR A COUNCIL DIRECTIVE ON LAYING DOWN RULES ON A DEBT-EQUITY BIAS REDUCTION ALLOWANCE AND ON LIMITING THE DEDUCTIBILITY OF INTEREST FOR CORPORATE INCOME TAX PURPOSES**

**(COM(2022) 216 AND /2; SWD(2022) 144; SWD(2022) 145; SWD(2022) 146; SEC(2022) 204; RCC(2022) 121)**

Mr TIMMERMANS asked Mr GENTILONI to present the proposal for a Directive that was being laid before the Commission that day with a view to setting rules on a debt-equity bias reduction allowance and limiting the deductibility of interest for corporate income tax purposes.

Mr GENTILONI explained that this important initiative followed on from the Communication on business taxation for the 21<sup>st</sup> century and was aimed at giving European businesses access to the financing they needed in order to grow and become more resilient. To this end, it provided for an allowance on increases in equity to ensure the same tax treatment of costs related to equity financing and to debt financing (a Debt-Equity Bias Reduction Allowance – DEBRA).

With this proposal, the Commission was seeking to resolve a long-standing imbalance in the field of taxation. Traditionally, interest payments on corporate debt were tax deductible, whereas there was generally no tax deduction for equity financing. The Commission was therefore proposing a mechanism to remedy this situation and create comparable tax conditions for these two forms of financing.

Mr GENTILONI added that this proposal would also strengthen the Capital Markets Union as it would boost the development of private capital markets in the EU in general, while focusing in particular on small and medium-sized enterprises. It could also help address the low level of equity issuance in the EU, which was currently three times lower than in the United States for non-financial companies.

He stressed that the balanced mechanism that was being proposed was designed not to place any burden on public finances. The Commission was thus proposing to introduce a premium on equity while at the same time limiting the deductibility of interest paid on debt.

Mr GENTILONI also said that encouraging businesses' access to equity would make a significant contribution to the green and digital transition, as equity-based financial instruments were more conducive to long-term investments than bank loans, according to reports by the European Investment Bank.

As regards the technical details, he explained that the allowance for equity financing would be granted for 10 years, which corresponded to the average maturity of debt, while at the same time the deductibility of debt would be limited to 85% of exceeding borrowing costs. Six Member States already had similar schemes and a

10-year grandfathering clause would allow a smooth transition between existing national schemes and the DEBRA scheme at European level.

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

- besides its technical nature, the importance of this proposal for the Capital Markets Union, given the need to curb the overdependence of European businesses on bank financing and their exposure to changes in interest rates on debt;
- the case for giving small and medium-sized enterprises more favourable treatment than other companies in this regard;
- the need to encourage the Member States that had already established similar schemes to adapt to the European DEBRA scheme in order to preserve the integrity of the single market.

Mr TIMMERMANS closed the discussion by thanking Mr GENTILONI for these improvements.

Following these presentations, the Commission adopted the proposal for a Directive in COM(2022) 216/2 for transmission to the European Parliament, the Council, the European Economic and Social Committee and the national parliaments, and, for information, to the Committee of the Regions, together with the staff working document, the impact assessment, the summary thereof and the opinion of the Regulatory Scrutiny Board in SWD(2022) 144, SWD(2022) 145, SWD(2022) 146 and SEC(2022) 204, the contents of which were noted.

## **12. PROPOSAL FOR A DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AMENDING DIRECTIVE 2011/83/EU CONCERNING FINANCIAL SERVICES CONTRACTS CONCLUDED AT A DISTANCE**

**AND REPEALING DIRECTIVE 2002/65/EC****(COM(2022) 204 AND /2; SWD(2022) 141; SWD(2022) 142; SEC(2022) 203; RCC(2022) 122)**

Mr TIMMERMANS asked Ms JOUROVÁ and Mr REYNDERS to present that day's proposal on financial services contracts concluded at a distance and repealing Directive 2002/65/EC concerning the distance marketing of consumer financial services.

Ms JOUROVÁ highlighted the rationale behind the proposal, which updated consumer rights in the financial sector, in this case for contracts concluded at a distance, by removing certain rules from the 2002 Directive which had become superfluous or less relevant owing to the adoption of other legislation in the meantime, to developments in financial services and to the rise in digitalisation.

At the same time the Commission was maintaining its rules ensuring a high level of consumer protection by incorporating the necessary elements into the Consumer Rights Directive.

Finally, Ms JOUROVÁ pointed out that the proposal strengthened the main consumer rights by providing for easier access to the right of withdrawal, clear rules on the nature of pre-contractual information and on how and when it should be provided, and full harmonisation to ensure the same high level of consumer protection throughout the internal market.

Mr REYNDERS noted that the number of online financial transactions had increased sharply in recent years, and even more so during the COVID-19 pandemic. In this context, the proposal being tabled that day sought to promote the provision of financial services in the internal market, particularly online, while ensuring a high level of consumer protection.

To achieve that objective, the Commission was planning to simplify and modernise the legislative framework by repealing the existing 2002 Directive, while including

aspects of consumer rights related to financial services contracts concluded at a distance within the scope of the Consumer Rights Directive, which applied across the board.

He explained how the overall objective of the proposal would be achieved.

First, the proposal ensured the same high level of consumer protection across the single market by establishing similar rules for all financial service providers in the Member States.

Second, it modernised the rules by adding certain details that were not mentioned in the 2002 Directive, such as provision of the e-mail address by the financial service provider. The proposal also regulated how information was to be provided with regard to electronic communication.

Third, the proposal strengthened the right to information, which was particularly important in the area of financial services, where certain products and services were complex and might be difficult to understand. The proposal also introduced the mandatory use of a withdrawal button to make it easier to withdraw from a contract.

Fourth, the proposal laid down special rules to protect consumers when concluding financial services contracts by electronic means, including the possibility of requesting human intervention.

Fifth and finally, the proposal tightened enforcement rules with regard to the provision of financial services, in particular by extending the penalties currently applicable under the Consumer Rights Directive to financial services contracts concluded at a distance.

A short discussion followed, during which the Commission expressed its broad support for the proposal, which was considered all the more timely as the pandemic had led to a rapid digitalisation of the banking sector and there was a need to strengthen consumer protection in this context.

Mr TIMMERMANS thanked Ms JOUROVÁ and Mr REYNDERS for their high quality proposal.

Following these presentations, the Commission adopted the proposal for a Directive in COM(2022) 204/2 for transmission to the European Parliament, the Council, the European Central Bank, the European Economic and Social Committee and the national parliaments, together with the impact assessment, the summary thereof and the opinion of the Regulatory Scrutiny Board in SWD(2022) 141, SWD(2022) 142 and SEC(2022) 203, the contents of which were noted.

### **13. OTHER BUSINESS**

#### ***13.1. COMMISSION RESPONSE TO A EUROPEAN PARLIAMENT RESOLUTION UNDER ARTICLE 225 OF THE TREATY ON THE FUNCTIONING OF THE EUROPEAN UNION (TFEU) – A STATUTE FOR EUROPEAN CROSS-BORDER ASSOCIATIONS AND NON-PROFIT ORGANISATIONS (SP(2022) 277)***

Mr TIMMERMANS asked Mr BRETON to present the Commission's draft reply to the European Parliament's legislative initiative resolution under Article 225 of the Treaty on the Functioning of the European Union (TFEU), asking the Commission to legislate on a statute for European cross-border associations and non-profit organisations.

Mr BRETON noted that the Commission shared Parliament's view on the importance of enabling non-profit organisations to benefit fully from the single market, given the key role played by associations in the European economy and democratic space. The Commission's reply confirmed its commitment to working on a set of measures in line with the European Parliament's aims.

In particular, the Commission undertook to present a legislative proposal which would aim at creating an additional statute, under national law for associations and possibly other non-profit organisations. The proposal would facilitate the cross-border operations of these entities in the EU, through mutual recognition, without creating a European statute, which would require unanimity among the Member States.

Mr BRETON pointed out that the Parliament's rapporteur would be in favour of this approach, as long as it satisfied his main requests, namely strengthening cross-border activities and ensuring non-governmental organisations were protected.

Lastly, Parliament's report also called for a specific and comprehensive strategy to strengthen EU civil society. In its letter on this point, the Commission, after mentioning the initiatives under way, undertook to examine how it could use existing tools to address this wish.

Mr TIMMERMANS thanked Mr BRETON and noted the College's approval on the line proposed in SP(2022) 277, including the draft letter to the European Parliament.

The Commission took note of this information.

### **13.2. LATEST DEVELOPMENTS IN EXTERNAL RELATIONS**

Mr BORRELL took stock of the latest developments in the EU's external relations.

He began by referring to the sixth Brussels conference on supporting the future of Syria and the region, which had taken place on 10 May. The event had raised pledges equivalent to those of the previous year, i.e. around EUR 6.5 billion, of which the EU and the Member States had contributed 75%. This substantial contribution reflected Europe's determination to continue to assist Syria, including in the current geopolitical

context.

As regards the Russian aggression against Ukraine, Mr BORRELL noted little significant military progress on the ground. Through the European Peace Facility, the Member States had submitted requests for reimbursement for more than EUR 2 billion for their military assistance to Ukraine. He informed the College that, as part of this aid, the country was also in need of military intelligence.

Finally, Mr BORRELL reported on his visit to Latin America, where he had mainly raised issues relating to regional integration.

He also pointed out that, within their cooperation organisations, some Latin American countries were distancing themselves from condemnation of Russia for its military aggression against Ukraine, which they had not opposed in the vote on the corresponding United Nations resolutions. The EU should therefore increase its presence in the region and try to clear the way for the signing of trade agreements with Chile, Mexico and possibly Mercosur.

The Commission took note of this information.

### ***13.3. LATEST DEVELOPMENTS CONCERNING THE EUROPEAN UNION'S RELATIONS WITH THE UNITED KINGDOM***

Mr TIMMERMANS asked Mr ŠEFČOVIČ to inform the College of the latest developments concerning the European Union's relations with the United Kingdom.

Mr ŠEFČOVIČ said that on 10 May the British government had set out its legislative programme for the next parliamentary year in the Queen's speech. Although the speech had not addressed the details of the situation in Northern Ireland, the UK government might be intending to take unilateral measures to revoke certain aspects of the Protocol on Ireland/Northern Ireland if the

EU was not prepared to renegotiate and amend it.

Such a decision would further escalate the tension created by the implementation of that part of the UK withdrawal agreement at a time when a majority in favour of the Protocol had been elected to the Northern Ireland Assembly the previous week.

He had issued an immediate statement on 10 May and had informed the Member States and the European Parliament accordingly.

Mr ŠEFČOVIČ proposed to reiterate that the EU was united in its position not to renegotiate the Protocol and that the parties to the agreement had to work on joint solutions, which would be the best way to meet the needs of people and businesses in Northern Ireland.

If the UK nevertheless opted for unilateral action, the EU would have to react firmly by using the means of redress at its disposal, including by convening an extraordinary meeting of the Joint Committee to continue discussions on the practical solutions proposed by the EU in October.

In concluding, Mr ŠEFČOVIČ drew attention to a series of bills announced by the UK government, in particular on public procurement and data protection, which would diverge from EU rules. He suggested examining what this legislation would mean in practice, but noted that it could exacerbate tension with the UK.

After a short discussion, Mr TIMMERMANS concluded by thanking Mr ŠEFČOVIČ and recommending that the Commission and the EU now prepared for all eventualities.

The Commission took note of this information.

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The meeting closed at 11.08.