



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2023) 2444 final

- English translation of the French version which is authentic -

Brussels, 22 March 2023

TEXTE EN

MINUTES

of the 2444th meeting of the Commission

held in Brussels

(Berlaymont)

on Wednesday 1 February 2023

(morning)

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Single sitting: Wednesday 1 February 2023 (morning)

The sitting opened at 9.11 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 8 (in part)
Mr BORRELL i FONTELLES	High Representative / Vice-President	Items 1 to 8 (in part)
Mr ŠEFČOVIČ	Vice-President	
Ms JOUROVÁ	Vice-President	
Ms ŠUICA	Vice-President	
Mr SCHINAS	Vice-President	
Mr HAHN	Member	
Ms GABRIEL	Member	
Mr SCHMIT	Member	
Mr GENTILONI	Member	Items 1 to 8
Mr WOJCIECHOWSKI	Member	
Mr BRETON	Member	
Ms FERREIRA	Member	
Mr REYNDERS	Member	
Ms JOHANSSON	Member	
Mr LENARČIČ	Member	
Ms VÁLEAN	Member	Items 8 to 9
Mr VÁRHELYI	Member	Items 1 to 8 (in part)
Ms URPILAINEN	Member	
Ms SIMSON	Member	
Mr SINKEVIČIUS	Member	
Ms McGUINNESS	Member	

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Absent:

Ms KYRIAKIDES	Member
Ms DALLI	Member

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

Mr ROSSIDES	Head of Cabinet to Ms KYRIAKIDES
Mr KERR	A member of Ms DALLI's cabinet

The following also sat in:

Mr SEIBERT	Head of Cabinet to the PRESIDENT	
Mr CALLEJA CRESPO	Director-General, Legal Service	
Ms AHRENKILDE HANSEN	Director-General, DG Communication	
Mr MAMER	Head of the Spokesperson's Service and Chief Spokesperson of the Commission	
Ms PETKOVA	Director of Coordination and Administration in the PRESIDENT's cabinet	
Mr FLOSDORFF	Executive Adviser in the PRESIDENT's cabinet	Item 9 (in part)
Mr WHELAN	Adviser in the PRESIDENT's cabinet	Item 9 (in part)
Ms SPINANT	Deputy Chief Spokesperson of the Commission	Item 9 (in part)
Ms ALLOUIS-LE LOSTEC	Head of Unit in the Secretariat-General	
Ms BUKA	Secretariat-General	

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

1. AGENDAS

(OJ(2023) 2444/FINAL; SEC(2023) 2444/FINAL)

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

2. WEEKLY MEETING OF HEADS OF CABINET

(RCC(2023) 2444)

The Commission considered the Secretary-General's report on the weekly meeting of Heads of Cabinet held on Tuesday 31 January 2023.

3. APPROVAL OF THE MINUTES

The Commission held over approval of the minutes of its 2439th, 2440th, 2441st, 2442nd and 2443rd meetings of 30 November, 7 and 13 December 2022, and 17 and 25 January 2023 for a later date.

4. INTERINSTITUTIONAL RELATIONS

(RCC(2023) 58)

The Commission took note of the record of the meeting of the Interinstitutional Relations Group (IRG) held on Friday 27 January 2023 (RCC(2023) 58).

The Commission approved the lines proposed for the following points:

- **‘Fit for 55’ – Establishment of a carbon border adjustment mechanism (Regulation) – CHAHIM report – 2021/0214 (COD)**

Line set out in SI(2023) 9/2.

- **Transparency and targeting of political advertising (Regulation) – GOZI report – 2021/0381 (COD)**

Line set out in SP(2023) 43.

- **EU position for the coastal States consultations on fisheries management measures for blue whiting, Norwegian spring-spawning (Atlanto-scandian) herring and mackerel in the North-East Atlantic, and redfish in the Irminger Sea in 2023**

Line set out in SI(2023) 16.

The Commission approved the line proposed for the following point, for transmission to the European Parliament:

- **Commission replies to the non-legislative resolutions adopted by the European Parliament at its November II 2022 and December 2022 part-sessions**

Line set out in SP(2023) 48/3.

- **Draft Commission reply to the Contribution of the LXVIIIth plenary session of the Conference of Parliamentary Committees for Union Affairs (COSAC), 13 to 15 November 2022**

Line set out in SNP(2023) 3/2.

The Commission took note of the following points:

- **Amendment of Regulation (EU) No 549/2013 and repeal of 11 legal acts in the field of national accounts (Regulation) – TINAGLI report – 2021/0407 (COD)**

Compromise text in SP(2023) 44, further to note SI(2022) 404, which the

Commission had already approved on 16 November 2022.

- **Conservation and management measures for the conservation of the Southern Bluefin Tuna (Regulation) – O’SULLIVAN report – 2021/0242 (COD)**

Compromise text in SP(2023) 45, further to note SI(2021) 400, which the Commission had already approved on 9 November 2022.

- **Results of the European Parliament’s January II 2023 part-session**

Information set out in SP(2023) 47.

5. COORDINATION OF EXTERNAL ACTION (RCC(2023) 8)

The Commission took note of the operational conclusions in RCC(2023) 8 of the meeting of the Group for External Coordination (EXCO) held on Wednesday 25 January 2023.

6. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

6.1. WRITTEN PROCEDURES APPROVED (SEC(2023) 75 ET SEQ.)

The Commission took note of the Secretariat-General’s memoranda recording decisions adopted between 23 and 29 January 2023.

6.2. EMPOWERMENT (SEC(2023) 76 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 23 and 29 January 2023.

6.3. DELEGATION / SUBDELEGATION OF POWERS
(SEC(2023) 77 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedures between 23 and 29 January 2023 archived in Decide.

6.4. SIGNIFICANT WRITTEN PROCEDURES
(SEC(2023) 78 AND /2)

The Commission took note of the significant written procedures for which the time limit expired between 30 January and 3 February 2023.

7. ADMINISTRATIVE AND BUDGETARY MATTERS
(SEC(2023) 79 AND /2)

ADMINISTRATIVE MATTERS
(PERS(2023) 11 AND /2)

7.1. DG BUDGET – APPOINTMENT OF A DIRECTOR-GENERAL AT
GRADE AD15/16
(PERS(2022) 81 TO /4)

The Commission had before it applications under Article 29(1)(a)(i) and (iii) of the Staff Regulations for the post of Director-General of DG Budget (PERS(2022) 81 and /2).

It took note of the opinions of the Consultative Committee on Appointments of 12 December 2022 and 20 January 2023 (PERS(2022) 81/3 and /4).

The Commission proceeded to compare the applicants' qualifications for the post. On a proposal from Mr HAHN, in agreement with the PRESIDENT, it then decided to appoint Ms Stéphanie RISO to the post.

This decision would take effect on 16 February 2023.

7.2. DG HUMAN RESOURCES AND SECURITY – APPOINTMENT OF A DEPUTY DIRECTOR-GENERAL AT GRADE AD15/16 (PERS(2023) 14 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 – Operations (in charge of Directorates B, C, D, E and Units 03, 04) in DG Human Resources and Security (PERS(2023) 14).

It took note of the opinions of the Consultative Committee on Appointments of 27 October and 20 December 2022 (PERS(2023) 14/2 and /3).

The Commission proceeded to compare the applicants' qualifications for the post. On a proposal from Mr HAHN, in agreement with the PRESIDENT, it then decided to appoint Mr Christian ROQUES to the post.

This decision would take effect on 16 February 2023.

7.3. DG RESEARCH AND INNOVATION – TRANSFER OF AN AD16 OFFICIAL UNDER ARTICLE 7 OF THE STAFF REGULATIONS

On a proposal from Mr HAHN, in agreement with the PRESIDENT, and after consulting Ms GABRIEL and Ms FERREIRA, the Commission decided to transfer in the interest of the service, under Article 7 of the Staff Regulations, Mr Marc LEMAITRE, currently Director-General of DG Regional and Urban Policy, to the post of Director-General of DG Research and Innovation.

This decision would take effect on 16 February 2023.

7.4. DG REGIONAL AND URBAN POLICY – AUTHORISATION FOR THE INTERNAL PUBLICATION OF THE VACANCY NOTICE FOR A DIRECTOR-GENERAL POST AT GRADE AD15/16 (PERS(2023) 15)

On a proposal from Mr HAHN, in agreement with the PRESIDENT, and after consulting Ms FERREIRA, the Commission decided to authorise the internal publication, under Article 29(1)(a)(i) and (iii) of the Staff Regulations, of the vacancy notice in PERS(2023) 15 for the post of Director-General of DG Regional and Urban Policy.

This decision would take effect immediately.

7.5. DG JUSTICE AND CONSUMERS – AMENDMENT OF THE ORGANISATION CHART AND AUTHORISATION FOR THE INTERNAL PUBLICATION OF A DEPUTY DIRECTOR-GENERAL POST (AT GRADE AD15/16) AND A DIRECTOR POST (AT GRADE AD14/15) (PERS(2023) 12; PERS(2023) 13; SEC(2023) 59)

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

- to create a post of Deputy Director-General (JUST.DDG2) responsible for Directorates C and D;
- to authorise the internal publication, at grade AD15/16, with immediate effect, of the vacancy notice set out in PERS(2023) 12 for the newly created post of Deputy Director-General, in accordance with Article 29(1)(a)(i) and (iii) of the Staff Regulations;
- to create a new ‘Horizontal Affairs’ Directorate (JUST.H), reporting directly to the Director-General;

- to abolish the ‘Criminal Justice’ Directorate (JUST.B);
- to transfer in the interest of the service, under Article 7 of the Staff Regulations, Mr Richard SONNENSCHNEIN, currently Director of the ‘Criminal Justice’ Directorate (JUST.B), to the post of Director of the ‘Justice Policies’ Directorate (JUST.A);
- to authorise the internal publication, at grade AD14/15, with immediate effect, of the vacancy notice set out in PERS(2023) 13 for the post of Director of the ‘Rule of Law, Fundamental Rights and Democracy’ Directorate, in accordance with Article 29(1)(a)(i) and (iii) of the Staff Regulations;
- to approve the new organisation chart set out in SEC(2023) 59.

Unless indicated otherwise, these decisions would take effect on 1 March 2023.

7.6. DG JUSTICE AND CONSUMERS – TRANSFER OF AN AD14 OFFICIAL UNDER ARTICLE 7 OF THE STAFF REGULATIONS

On a proposal from Mr HAHN, in agreement with the PRESIDENT, and after consulting Mr BRETON, the Commission decided to transfer in the interest of the service, under Article 7 of the Staff Regulations, Mr Carlo PETTINELLI, currently Director of the ‘Planning, Finance and Digital Solutions’ Directorate (GROW B) in DG Internal Market, Industry, Entrepreneurship and SMEs, to the post of Director of the ‘Horizontal Affairs’ Directorate (JUST.H) in DG Justice and Consumers.

This decision would take effect on a date to be determined.

**8. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE EUROPEAN COUNCIL, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS: A GREEN DEAL INDUSTRIAL PLAN FOR THE NET-ZERO AGE
(COM(2023) 62 TO /3; RCC(2023) 62)**

The PRESIDENT introduced the College's discussion on the Communication on the Green Deal Industrial Plan, which aimed to put European industry in the lead on net-zero emissions.

She explained that strengthening the competitiveness of European net-zero industry and supporting the rapid transition to climate neutrality had become all the more important in the context of the EU's response to the US Inflation Reduction Act. She pointed out that this issue had already been the subject of several discussions within the College, particularly during the seminar on 11 January.

The measures proposed in the Communication served to define the Commission's position on this complex issue and would feed into the deliberations of the special European Council on 9 and 10 February. She added that the Commission would be required to present legislative proposals taking into account the conclusions of the Heads of State or Government ahead of the European Council meeting scheduled for 23 and 24 March.

The PRESIDENT then referred to the overall context of the fight against climate change, which was a major priority of this Commission's term of office. The plan presented that day aimed to create a more favourable environment for increasing the EU's capacity in the fast-growing sector of net-zero emission technologies, which were needed to meet the EU's ambitious climate targets and secure its industrial leadership. Europe was determined to play a leading role in the clean tech revolution.

The PRESIDENT reminded the College that the European Green Deal presented in December 2019 had enabled the adoption of the European Climate Law, which set a legally binding target of EU climate neutrality by 2050 and a collective target of at least 55% net greenhouse gas emission reductions by 2030 compared to 1990 levels. She noted that the implementation of the ‘Fit for 55’ roadmap was progressing well. The Green Deal had also become the EU’s main growth strategy and an important source of experience in the green transition.

Despite the upheaval caused by the COVID-19 pandemic and its economic impact, the EU had never deviated from the path set by the Green Deal. With NextGenerationEU, the EU had provided an appropriate response with a budget of EUR 750 billion, of which 40% was earmarked for the green transition. The pandemic and the EU’s response to it had thus acted as a catalyst for implementing the Green Deal.

The PRESIDENT noted that the Russian war of aggression against Ukraine had acted as a second catalyst by strengthening the EU’s determination, under the REPowerEU plan, to overcome its dependency on fossil fuels imported from Russia. She highlighted the substantial results achieved in this context, including a doubling of renewable energy deployment in 2022 compared to the previous year and an unprecedented increase in the share of renewable energy in Member States’ energy mix.

Lastly, she noted that a third catalyst for the green transition in Europe was the spillover effect from action taken by other major economies, such as the United States with the US Inflation Reduction Act, or other countries in the world, such as India, Japan, Canada or the United Kingdom. Significant investments in the green transition at international level had accelerated the pursuit of the overall climate change goals.

The PRESIDENT noted, however, that the proliferation of strategies to support the transition to a decarbonised economy highlighted the importance of maintaining a

global level playing field. She explained that the plan proposed that day built on previous initiatives and the strengths of the single market, complementing the efforts made in the context of the European Green Deal and REPowerEU. More specifically, it was based on four pillars: a predictable and simplified regulatory environment, faster access to finance, enhancing skills and open trade for resilient supply chains.

With regard to the first pillar, which involved simplifying the regulatory framework, the Commission would propose a Net-Zero Industry Act. The Act would set targets for net-zero industrial capacity and provide a regulatory framework fit for its rapid deployment, ensuring simplified and accelerated approval procedures, encouraging European strategic projects and developing standards to support technological development across the single market.

The PRESIDENT added that this framework would be complemented, on the one hand, by the Critical Raw Materials Act, to ensure sufficient access to those materials, like rare earths, that were vital to the manufacture of key technologies, and, on the other hand, by the reform of the electricity market design, to ensure consumers benefited from the lower costs of renewables.

She then turned to the second pillar of the proposed plan, which aimed to accelerate investment in the manufacture of clean technologies in Europe. Public financing, in conjunction with further progress on the European Capital Markets Union, could unlock significant amounts of private financing.

The PRESIDENT added that, through EU competition policy, the Commission aimed to guarantee a level playing field within the single market while making it easier for the Member States to grant the aid needed to speed up the green transition. With this in mind, she explained that the Commission would consult Member States on the Temporary crisis and transition framework for State aid, the main elements of which would be presented by M VESTAGER.

The Commission would facilitate the use of existing EU funds for financing the innovation, manufacture and deployment of clean technologies. The Commission was also exploring ways to increase common financing at EU level to support investments in the manufacture of net-zero technologies on the basis of a needs assessment currently being carried out.

The PRESIDENT explained that, in the short term, the Commission would run cooperation projects with the Member States under REPowerEU, InvestEU and the Innovation Fund with a view to finding a bridging solution to provide fast and targeted support. In the medium term, the Commission planned to put forward a structural response to the investment needs, in the form of a proposal for a European Sovereignty Fund to be tabled in connection with the review of the Multiannual Financial Framework before summer 2023.

The third pillar of the proposed plan concerned enhancing skills, which the PRESIDENT considered essential, as 35-40% of current jobs might be affected by the green transition.

She explained that in this area, and in order to develop the skills needed for a people-centred green transition, the Commission would explore how an approach recognising actual skills might be combined with existing approaches based on formal qualifications.

The PRESIDENT then presented the fourth and final pillar of the approach proposed by the Commission. It was focused on global cooperation and making trade work for the green transition in accordance with the principles of fair competition and open trade and on the basis of the EU's commitments to its partners and the work of the World Trade Organization. To this end, the Commission would continue to develop the EU's network of free trade agreements and other forms of cooperation with its partners.

The PRESIDENT concluded by saying that the Commission would need to discuss these various measures in the coming weeks, in preparation for the European

Council on 23 and 24 March. She then invited Mr TIMMERMANS to present in more detail the main elements of the Communication.

Mr TIMMERMANS said that the industrial choices made by the EU's main trading partners confirmed that the EU had been right to make the Green Deal its growth strategy. Similar strategies were now being implemented in many parts of the world to prepare for the future and develop low-carbon industry based on clean technologies. These developments would inevitably lead to increased global competition.

It was therefore important for the EU to take swift action; the Green Deal and the 'Fit for 55' package paved the way for transforming industry in the single market, while RepowerEU focused on accelerating the shift away from fossil fuels.

The regulatory framework that the EU was putting in place had no equivalent anywhere else in the world. He noted that this key aspect of developing low-carbon industry was one of the main shortcomings of the US Inflation Reduction Act, as the Act did not cover the regulatory changes that were needed.

Speaking more generally, Mr TIMMERMANS said that recent developments, particularly high energy prices and the strong stance taken by China and the US on industrial policy, required focused and determined action by the EU in two key areas.

First, as the era of cheap fossil fuels had now come to an end, a framework needed to be implemented to decarbonise industry, which was a particularly difficult challenge for energy-intensive industries. The EU would need to actively support the transition to low-carbon industrial processes and ensure that industry had access to abundant and affordable clean energy as soon as possible. This also required energy and transport infrastructure to be put in place, including cross-border infrastructure.

The second key factor that would drive this transition was support for the manufacturing of clean technologies, such as batteries, solar panels, wind turbines, heat pumps and electrolyzers. This point was the main focus of the Communication, though not all the products that the EU would need for the transition would be produced in the EU. It was therefore necessary to assess the risk of strategic dependence and support clean tech sectors on the basis of that assessment. Moreover, he considered it perfectly legitimate for Europe to aim to be a leader in this growing global market, which would create high-quality jobs and economic growth.

Mr TIMMERMANS noted that the EU now needed to make a fundamental choice; it could either adopt a unified approach with common tools for regulation and funding or have 27 national strategies facilitated through lighter State aid scrutiny and simplified permitting procedures. Although he acknowledged that some facilitation measures would be needed, he nevertheless stressed the need to prioritise a joint response that also safeguarded the integrity of the single market and cohesion within the EU.

In his view, the proposed changes to State aid rules should therefore be targeted and time-limited and would need to be implemented with care. His preferred approach was for subsidies to be granted on the basis of an assessment of needs, rather than using a ‘matching clause’ to replicate measures implemented in certain third countries.

He also noted the real risk that there could be a race for subsidies in the EU. The single market was a delicate balancing act and needed to be adjusted as circumstances changed, in particular to ensure that imbalances between Europe’s regions did not become more pronounced. The Commission could propose a common way forward to the European Council, which could be financed using the revenue generated by the emissions trading scheme which would amount to almost EUR 700 billion by 2030. The Member States would soon be legally obliged to

earmark that revenue for the green transition, and a greater share of the proceeds from the scheme could usefully be pooled at EU level.

In particular, pooling of these funds could help bolster the Innovation Fund, which could then become a key instrument for the deployment of renewable hydrogen and the manufacturing of clean technologies. Moreover, this response to the US Inflation Reduction Act and other challenges would give the EU a common tool that was well-designed and effective and could also be adapted to ensure that its benefits were shared out fairly between the Member States.

By way of conclusion, Mr TIMMERMANS said that discussions between EU leaders at the next European Council should enable common tools to be developed that were tailored to the needs of all the Member States, building on the strength of the single market and the EU's commitment to cohesion and fairness within the Union.

Ms VESTAGER informed the College of the consultation launched with the Member States on a draft proposal to transform its Temporary Crisis Framework into a new Temporary Crisis and Transition Framework. She explained that this consultation followed a letter she had sent to all Member States on 13 January, to which 23 had already replied.

She noted that, overall, the replies converged towards four key messages, namely: (i) the US Inflation Reduction Act was perceived as a threat to the competitiveness of EU industry, (ii) the EU response should be fact-based and address only the specific issues identified in the impact assessment carried out, (iii) the measures and actions implemented should preserve the integrity of the single market, (iv) the relationship with the US should be nurtured rather than damaged.

She stressed that the Communication proposed that day took due account of those messages and aimed to enable Member States to support the competitiveness of industry, while preserving the equality and fairness that were fundamental values of the European Union. More specifically, the responses clearly showed that the single

market was the key to the EU's competitiveness and should therefore be preserved from a subsidy race and the type of competition between Member States that would jeopardise its proper functioning.

Ms VESTAGER said that this was precisely why the Commission had proposed two components in updating the applicable State aid rules: firstly, a simpler method of calculating aid and faster approval by the Commission, and secondly, the introduction of new provisions for green investments in strategic sectors at risk of relocation.

As regards the first component, she explained that the aim was to simplify and accelerate implementation of State aid rules in order to facilitate the deployment of renewable energy and the decarbonisation of EU industry. Following consultation with the Member States, the Commission would shortly adopt a revised version of the General Block Exemption Regulation. This revision would increase the ceilings below which green aid could be granted without notification and help to simplify the assessment of new projects of common European interest.

Ms VESTAGER noted that the Communication presented went even further, as it proposed extending the scope of the Temporary Crisis Framework to allow Member States to support all renewable energy sources. She explained that the Commission was responding to the Member States' request to extend the current time limit for delivering projects from 30 months to 36 months, thereby allowing more projects to be covered. The calculation of State aid would also be considerably simplified by allowing Member States to make it a fixed percentage of total investment costs.

She explained that the second component of the proposal offered Member States the possibility to support new investment to build production capacity for green technologies at risk of relocation, which she described as a novelty and a radical change in State aid policy.

She nonetheless stressed the risk involved in those provisions, inasmuch as some countries would be able to provide more funding than others, thus undermining the

level playing field. That was why the new adjustments made to the State aid framework only allowed for temporary support that was targeted in terms of size and scope and able to offer tangible benefits to citizens and the EU economy as a whole.

Furthermore, those new provisions should only apply to the sectors most affected by the US Inflation Reduction Act, such as the electric vehicle battery industry or wind turbine production.

Ms VESTAGER explained that, in practice, Member States would be able to set up simple subsidy schemes and would not need to notify each project. Each Member State would calculate the aid as a percentage of the investment cost and cap it at absolute maximum amounts. To ensure the fairness of the system for all Member States, higher percentages and caps were proposed for the less developed regions of the EU. Finally, even higher percentages and caps would be applied to Member States that offered tax breaks rather than subsidies, or targeted aid at small and medium-sized enterprises (SMEs).

She added that the proposal also provided for another very exceptional option, which consisted in helping Member States to prevent investments from being unfairly diverted to the highest bidder outside Europe, by providing them with the means to award subsidies equivalent to those offered by a third country.

Ms VESTAGER also noted the serious risk of distortions of competition on the single market, since not all Member States had the same capacity to match subsidies offered by a third country. She explained that Germany and France together accounted for almost 80% of State aid notified so far, a sign that European countries were not equal in this area.

In order to prevent possible distortions of competition, the Commission was therefore proposing to make the allocation of such State aid subject to conditions relating to the method of calculation of the aid, its relevance to achieving the objectives of the Green Deal and the transnational nature of the expected benefits.

Ms VESTAGER emphasised that, outside disadvantaged regions, aid should only be granted if the investment involved cooperation between different Member States and should under no circumstances be used to transfer investments from one Member State to another. Thus, any public support granted to a rich region should necessarily lead to the participation of other regions in order to ensure the fair allocation of the aid available. All of the provisions would be temporary and would only apply until 31 December 2025.

The proposed adjustments represented a profound change to the current system of State aid. However, Ms VESTAGER pointed out that State aid consisted of a transfer of money from taxpayers to companies and therefore only made sense if society as a whole actually benefited from the State aid granted. She therefore called on all parties involved to find the right balance, particularly between Member States, so that the EU could develop a common response to current challenges and ensure the proper use of taxpayers' money.

Mr DOMBROVSKIS then highlighted four key points concerning the Green Deal Industrial Plan.

First, the EU should build on the strengths of its economic model, namely openness, its citizens' skills, competition, innovation and a functional single market. Europe should not try to imitate the United States, but should continue to develop its own model.

Recent economic data pointed to the considerable resilience and agility of the European economy, although some European industrial sectors still faced serious challenges, particularly in the context of the green transition. The EU should therefore address those specific challenges in order to ensure its future competitiveness and achieve its climate objectives.

The second point raised by Mr DOMBROVSKIS concerned the need to preserve a level playing field in the single market. Fair competition was therefore essential, and

any changes to State aid rules should be carried out with caution, focusing on process efficiency, simplification and predictability.

The EU should also aim to leverage private investment by putting the Capital Markets Union project back on the agenda of European leaders. Mr DOMBROVSKIS welcomed the emphasis in the Communication on reducing the administrative burden, which would make a valuable contribution to increasing the productivity of the European economy. Lastly, he pointed out that the most recent data showed that the EU remained competitive at international level despite some downward trends.

His third point concerned European funding. The EU already had significant funding for its Green Deal and it should focus on prioritising and adapting existing instruments to current needs. To do this, it was not necessary to alter the framework provided by the Recovery and Resilience Facility. The Commission, together with the Member States, should set the right priorities, which should include planning and permitting reforms, tax breaks or other forms of support for green investment by companies, as well as investment in dedicated training and apprenticeships.

The Commission was contributing to these joint efforts by supplying revised guidance on the national recovery and resilience plans. The Innovation Fund and InvestEU would play an important role in the transition to a future European Sovereign Fund. Use of these instruments should be geared to preserving economic, social and territorial cohesion throughout the EU. In the medium term, careful reflection was needed on the purpose, scope and financing of the Sovereignty Fund. Mr DOMBROVSKIS felt that it was appropriate to adopt an open-minded attitude to these issues at this stage and base future work on a solid needs assessment.

Finally, Mr DOMBROVSKIS addressed the need to maintain the Union's openness to the rest of the world, which is at the heart of the European competitiveness model. In this context, the EU must ensure that international trade supported

resilient supply chains for the clean technology industry. Investors and other economic operators needed legal certainty and a clear political commitment to rules-based free and fair trade. He pointed to the EU's ambitious trade agenda on access to critical raw materials and the general approach taken in the EU's trade defence programme, saying that these were important elements in maintaining European competitiveness and firmly defending the single market.

Mr GENTILONI took the floor to remind the meeting of the considerable efforts made by the Commission cabinets and departments to strike the right balance in the Communication presented that day. This balance should be maintained throughout the work to roll out the Green Deal Industrial Plan in the coming months and years.

There was a sense of urgency behind this plan stemming, first, from the need to speed up the green transition and, second, from the challenges facing the competitiveness of the EU. These challenges arose not only from the US Inflation Reduction Act, but also from the structurally high energy prices and the risk of offshoring of private investment in certain sectors. The decisions taken that day to address all these challenges under the Industrial Plan would shape Europe's approach to developing a net-zero industry.

As regards more specifically the REPowerEU chapters in the national recovery and resilience plans, Mr GENTILONI drew attention to the need for caution. The Commission was issuing new guidance to Member States that day on the implementation of the Recovery and Resilience Facility. This guidance also helped to strike the right balance between what already existed and what still needed to be done in relation to competitiveness. It allowed Member States to amend their national recovery and resilience plans, in particular to include REPowerEU chapters without calling the plans into question.

The next steps in implementing the Green Deal Industrial Plan would require efforts to relax State aid rules and to make use of the possibilities for common EU funding, thus combining national and European responses to competitiveness challenges. In

particular, it would be important to explain to European leaders and the general public that the Communication already proposed short-term measures for this purpose and that the Commission would work on other instruments in the future.

Mr GENTILONI referred in this connection to the proposal to set up a European Sovereignty Fund. The Commission still needed to clarify the mechanisms and content of this Fund, and assess its implications. This Fund would not only combat the fragmentation of the single market, but would also be an investment in the common European interest, which would have added value for certain critical industrial sectors and would combine individual investments by Member States.

He ended by reminding the meeting of the importance of presenting all the measures in this plan jointly, and of seizing this opportunity to strengthen the common financing of the EU. He anticipated a broad political discussion by the Member States and underlined the essential role the Commission would play in underpinning the discussion.

Mr BRETON welcomed the quality of the Communication, which was based on two pillars, one regulatory and the other financial. It was important to place what was proposed in the context of the European Union's industrial policy and the challenges raised by the green and digital transition. As an example of what had been and could be done, he also pointed out the need for the EU to develop its semiconductor production capacity and the Commission's initiatives in this respect with the Chips Act.

The European response to the US Inflation Reduction Act should be well explained with an emphasis on what was proposed to ensure carbon neutrality in European industry. He also pointed out the strong interconnectivity in the European internal market and the importance in this context of investing not only in new technologies but also in other sectors.

In the case of State aid, he considered that the important thing was not so much the volume per Member State as the percentage of gross national product.

Finally, the proposal showed the way forward and everyone needed to be able to benefit from it in terms of developing new skills and strengthening trade relations, in particular as regards increased cooperation with countries which share EU values.

Mr BRETON concluded by saying that the European Union, like its Member States, did not have fresh funds and therefore had to borrow on the financial markets, underlining the importance of a future European Sovereign Fund.

Mr SCHMIT felt that the proposed Communication was both balanced and effective. He welcomed the change that had taken place in Europe over the last 30 years in how the concept of ‘industrial policy’ was perceived and the current recognition of the benefits for the EU of having an industrial base as well as skilled jobs, which were needed for its prosperity. Industry was also important from a strategic and geopolitical point of view as demonstrated by semiconductors, and the issue of qualifications and skills was becoming more pressing.

It was now important to present industry as a job-providing sector, to restore European industrial culture and to promote a positive image of the transitions achieved within EU industry. With this in mind, more reference should be made to certain previously adopted texts depending on how relevant employment and social affairs policies were to the subjects discussed. He gave as an example the Recommendation on ensuring a fair transition towards climate neutrality, adopted in June 2022 by the Council on a proposal from the Commission.

Mr SCHMIT also noted that the concept of ‘green skills’ was not necessarily the most appropriate but it was useful in highlighting the importance of the skills needed for the green transition of the European economy so these could then be developed and updated.

The industrial employment rate was still low, especially for women, and a regional approach to talent was essential here, thanks in particular to European cohesion policy. Good coordination between private industry and schools and universities was important in terms of skills and in this regard small and medium-sized enterprises should be favoured, especially in the context of the European Year of Skills.

Mr SCHMIT concluded that quality jobs, appropriate skills, modern labour laws and active social dialogue between trade unions and employers were part of the European social model and were all necessary for a European industry that would once again be attractive and competitive.

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

- the resilience of the European economy with regard to the multiple challenges it faced, especially the energy crisis, disruption of supply chains and competitive pressures from outside the EU;
- at the same time, the barriers to European competitiveness that predated Russia's war in Ukraine and the entry into force of the US Inflation Reduction Act, and the need for the EU to take responsibility by implementing the structural reforms needed to boost competitiveness;
- the response in that day's Communication to European industry's long-standing requests regarding the regulatory environment, skills shortages and supply chain disruptions;
- the perception among businesses of a heavy regulatory burden, particularly in view of the obligations arising from the EU sustainable finance framework, and the importance of reducing that burden at EU level;
- the constraints of a complex regulatory environment and a difficult budgetary

situation in the European farming sector;

- an acknowledgement that the environment in the United States was less regulated and sometimes more business-friendly than in Europe, and hence more attractive;
- the Swedish economic model and a concept of competitiveness that allowed the least competitive companies to fail so as to grant subsidies only to companies with prospects;
- the fact that national employment legislation and available infrastructure were taken into account by industry in location decisions and, in that context, the importance of continuing the ongoing work on connectivity in the EU to increase its attractiveness;
- the industrial and growth strategy, which had been an integral part of the European Green Deal since its creation, and the progress already made in the renewable energy sector to promote European competitiveness;
- the importance in the short term of a diversified gas supply and, in the longer term, of the ability of the wind and solar sectors to deploy new capacity in Europe;
- despite the deployment of renewable energy sources having doubled in the previous year, a reminder that only one in ten solar panels was produced in the EU, which affected both European economic output and employment;
- the need for sustainable European fuels for aviation and maritime transport to decarbonise these sectors and avoid having to import higher-cost fuels;
- the lack of skills to cope with the rapid development of clean technologies, and the need to actively promote skills partnerships set up at European level;
- the need for investment in research and development to safeguard European

innovation and competitiveness;

- the Communication's justified emphasis on the human dimension and the importance of education, skills development and quality jobs, particularly in the context of Europe's demographic transition;
- a reminder of the key role of the regional dimension and cohesion policy in supporting the fight against disparities and promoting everybody's well-being;
- the pattern of development of European industry, with its opening up to globalisation having resulted in imports being more profitable than industrial production in Europe and increased the share of services in the European economy;
- in that context, the importance of ensuring that everybody felt they had a stake in the proposals put forward, which should not be perceived as benefiting only a small number of Member States, potentially resulting in political repercussions regarding democracy and the feeling of belonging to the EU;
- the varying fiscal space in Member States, which did not allow everyone to benefit equally from more flexible competition rules;
- the risks of distortion in the single market associated with more flexible use of State aid and, in that regard, the importance of maintaining targeted and time-limited measures to address specific market weaknesses;
- the advisability of considering support tailored to those Member States which feared the financial consequences of additional debt;
- support for the balance struck in the document between the two main strands of the Communication, namely more flexible State aid rules on the one hand and the need for a common European solution on the other;
- nevertheless, for some, the need to take into account the difference between

funds made available quickly through State aid and the longer-term creation of common funds accessible to all Member States;

- the desirability of a European budget allocation that was better adapted to needs;
- the ongoing discussion on the revision of the Multiannual Financial Framework, and a reminder of the existing limits on the EU's borrowing capacities, with conditions which might become less attractive than those at national level in future and an increase in the repayment cost of NextGenerationEU loans;
- the need to take stock of European funding and its allocation by Member States to promote investment in priority areas, and the emphasis to be placed on projects of common European interest rather than on individual national approaches;
- the importance of speeding up work on the Capital Markets Union and encouraging private investment to improve EU competitiveness and facilitate the green transition;
- the difference in approach between the EU and the US on climate incentives, with carbon pricing and the carbon border adjustment mechanism on the EU side, and huge subsidies on the US side;
- similarly, the fundamental distinction between the absence of a cap on tax breaks and subsidies extending over the next decade under the US Inflation Reduction Act and the EU's open and multilateral trade approach in line with World Trade Organization rules;
- the geopolitical importance of an industrial policy, and the potential perception, particularly in southern countries, of a subsidy race in countries that had the necessary means;
- the observation that the EU's partner countries around the world were focusing on the potential European strategy of 'friend-shoring' its critical supply chains,

i.e. locating production in nearby or like-minded countries, and, in that regard, the importance of clearly conveying the external dimension of EU decisions.

In response to the various points raised, the PRESIDENT welcomed the work on the skills component, emphasising the vital importance of this issue for business leaders and European competitiveness.

While she shared the concerns expressed regarding territorial disparities, she pointed out that all Member States could use the funding available under the Recovery and Resilience Facility, in particular REPowerEU, to provide immediate and predictable support to their industries. The Innovation Fund and the InvestEU programme also presented opportunities for all European regions. She stressed that, above a certain amount, flexibility on State aid was dependent on the integration of other regions. Lastly, she stated that the planned discussions with the Member States would ensure that the legislative proposals the Commission would put forward responded to each country's needs.

The PRESIDENT also underscored the importance of reducing red tape for businesses and invited the Commissioners to share any useful and relevant suggestions for the net-zero industry act.

While recognising the specific difficulties of the agricultural sector, she noted that the other economic sectors of the EU affected by price increases did not have access to the direct support provided to farmers.

Finally, the PRESIDENT announced that the College would hold a policy debate following the European Council meeting to prepare the proposals and instruments to be presented by the Commission ahead of the meeting of EU leaders planned for March.

Following these presentations, the Commission approved the Communication in COM(2023) 62/3, subject to a final general clean-up of the text, for transmission to the European Parliament, the European Council, the Council, the

European Economic and Social Committee, the Committee of the Regions and, for information, the national parliaments.

9. OTHER BUSINESS

9.1. COMMISSION DECISION ON THE REQUEST FOR REGISTRATION OF A EUROPEAN CITIZENS' INITIATIVE ENTITLED 'ACCESS TO ABORTION IS A FUNDAMENTAL HUMAN RIGHT' (C(2023) 805)

Ms JOUROVÁ presented the proposal for a Decision being tabled for approval by the College concerning the preliminary assessment of the registration of the European citizens' initiative entitled, in the authentic language (English), 'Access to abortion is a fundamental human right'.

The aim of this citizens' initiative was to include access to abortion in the Charter of Fundamental Rights of the European Union.

Ms JOUROVÁ explained that the European Citizens' Initiative Regulation allowed organisers to invite the Commission to propose a legal act solely for the purpose of implementing the Treaties. The proposed initiative, which had also been discussed by citizens in the Conference on the Future of Europe, called for a change to primary EU law. She concluded that the initiative clearly fell outside the scope of the Commission's powers and therefore did not fulfil the requirements for registration.

The Decision proposed by the Commission would be sent to the organisers in the form of a letter inviting them to consider revising their initiative. They would then have two months to revise the proposal, maintain the request for registration in its current form or withdraw it. On the basis of the organisers' response, the Commission would be able to decide whether to register the initiative in its entirety or partially, or refuse registration.

Following this presentation, the Commission confirmed that the citizens' initiative 'Access to abortion is a fundamental human right' did not, at that time, fulfil the necessary registration requirements. It therefore decided, in accordance with C(2023) 805, to inform the organisers of its assessment and the underlying reasons, pursuant to Article 6(4) of Regulation (EU) 2019/788, and authorised Ms JOUROVÁ to sign the reply on behalf of the College, in the authentic language (English), and to address it to the initiative's organisers.

9.2. *LATEST DEVELOPMENTS CONCERNING RELATIONS BETWEEN THE EUROPEAN UNION AND THE UNITED KINGDOM*

Mr ŠEFČOVIČ briefed the College on recent developments regarding the negotiations with the United Kingdom on the implementation of the Northern Ireland Protocol.

He first noted that that day's College meeting was taking place on the third anniversary of the UK's withdrawal from the European Union and the second anniversary of the end of the transition period.

He pointed out that, although trade flows between the EU and the UK were now comparable to pre-pandemic levels, both EU and UK statistical analyses showed that this trade had stagnated, while trade between the EU and the rest of the world, in contrast, had quickly increased.

Mr ŠEFČOVIČ added that the UK had not achieved its stated ambition of becoming a major investment hub with a growing industry, due to a much more limited British market compared to the EU single market, significant labour shortages in the country and a lack of regulatory stability. The International Monetary Fund therefore predicted that the British economy would contract in 2023, in contrast to the other G7 economies.

In this context, it was important to reach joint solutions that were acceptable

to both parties, in order to build a fruitful and long-lasting relationship. In this respect, he welcomed the constructive tone of his most recent exchanges with the British government, which could be attributed in part to the good relationship established between the PRESIDENT and the new British Prime Minister Rishi SUNAK. He also welcomed the agreement reached on sanitary and phytosanitary measures and the UK's recent decision to grant access to its databases on goods flowing between Great Britain and Northern Ireland.

In conclusion, Mr ŠEFČOVIČ said that the EU and the UK needed time to find joint solutions to address the outstanding issues, which would depend above all on the quality of the cooperation established between the two parties.

The Commission took note of this information.

9.3. MID-TERM REVIEW OF THE MULTIANNUAL FINANCIAL FRAMEWORK

Mr HAHN briefly mentioned the mid-term review of the EU's Multiannual Financial Framework, initially scheduled for 2024 but brought forward to July 2023 in view of the need to respond to the repercussions of the COVID-19 pandemic and Russia's war of aggression against Ukraine.

He stressed that the review had to be ambitious but also realistic. He pointed out that the Member States' demands for more action and financial support from the EU had to be viewed in the light of the reluctance to increase the EU budget, especially given national budget constraints.

As regards the future negotiations, which would certainly be complex, Mr HAHN emphasised that the aim was to maintain as much flexibility as possible and stressed that it would be impossible to guarantee budgetary increases in all areas.

The Commission took note of this information.

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The meeting closed at 12.02.