

27 June 2016

Outlook for the European Council of 28-29 June 2016

The European Council meeting to be held on 28-29 June 2016 will [discuss](#) the outcome of the UK referendum held on 23 June 2016, where 51.9 per cent of those voting opted for the United Kingdom to leave the European Union. As a consequence, the other [agenda items](#) foreseen - external aspects of migration, jobs, growth and competitiveness, and external relations - will probably receive less attention.

1. Outcome of the UK referendum on EU membership

EU Heads of State or Government will discuss the [results](#) of the United Kingdom referendum on continued EU membership, held on Thursday 23 June 2016. As a result of voters choosing to leave the EU, the European Council is expected to discuss the next steps, after hearing David Cameron, who announced to [step down](#) as British prime minister in October 2016, on the UK government's intentions. (For possible scenarios, see Eurocomment Commentary [2016/3](#) and [2016/4](#)). The exact date for the formal notification under [Article 50 of the Treaty on European Union \(TEU\)](#) of the UK's decision to leave the EU remains to be seen, as Mr Cameron said in effect that he would leave the triggering of the article to his successor. This delay has been criticized, notably by several leaders of political groups in the European Parliament.

The Presidents of the European Council, Commission and Parliament, together with the prime minister of the Netherlands, which currently holds the rotating presidency of the Council, [met](#) on Friday 24 June 2016 to discuss the results of the UK in-out referendum. In the resulting [statement](#), they expressed their regret for the result, but respect the sovereign decision of UK citizens. They also called for a swift launching of negotiations on the terms of withdrawal.

The President of the European Council, Donald Tusk, announced that there will be an informal meeting of the 27 Member States in the margins of the 28-29 June 2016 European Council, in order to discuss the details of next steps. On this occasion, he will propose to the Heads of State or Government that they start a wider reflection on the future of the Union. The President of the European Parliament, Martin Schulz, [announced](#) that the EP Conference of Presidents had decided that the Parliament will meet on Tuesday 28 June 2016, for a part-session, and adopt a resolution assessing the outcome of the UK referendum. He also recalled that the '[New Settlement for the United Kingdom within the European Union](#)', agreed upon by EU leaders at the [European Council of 18-19 February 2016](#), was now 'null and void'.

2. Migration

EU Heads of State or Government are expected to echo President Tusk's [message](#) that the EU's strategy on migration is now starting to deliver, as irregular migration flows have visibly decreased. However, they will also agree to monitor closely the possible opening or increased use of other migratory routes, particularly in the Central Mediterranean. He [stated](#) that 'the June European

Council will focus on how to return the economic migrants coming from Africa to Europe via the Central Mediterranean'.

- **External aspects of migration**

Following the action plan agreed at the [Valletta Summit with African Leaders on 11-12 November 2015](#), and building on the European Commission's [new Partnership Framework with third countries under the European Agenda on Migration](#), Heads of State or Government will most likely reiterate the objectives of the new Partnership Framework.

In order to achieve this, the [African Trust Fund](#) will be increased by €500 million, coming from the reserves of the European Development Fund (EDF). Member States will be invited to match this commitment. EU leaders are expected to encourage the [European Commission's plans for a proposed new External Investment Fund](#), expected in autumn 2016, in order to mobilise investments in developing third countries.

When the European Parliament [discussed](#) the external aspects of the European migration agenda at its 7 June 2016 plenary session, there were mixed reactions to the European Commission's proposal. MEPs regretted that Member States had not [followed up](#) on their financial pledges made at the Valletta Summit.

- **Strengthening EU external borders**

EU leaders are expected to welcome the progress made on the European Border and Coast Guard, aimed at shared management of the EU's external borders, as on 22 June 2016 an [agreement](#) was reached on that proposal between the two co-legislators, Parliament and Council. Parliament is [expected to vote](#) at first reading on 5 July 2016.

- **Implementation of EU-Turkey statement of 18 March**

At the centre of EU leaders' discussions will be the implementation of the [EU-Turkey statement of 18 March 2016](#), in which EU Heads of State or Government and Turkey agreed on:

- the return of all new irregular migrants crossing from Turkey to the Greek islands;
- the acceleration of the implementation of the visa liberalisation roadmap;
- the speeding up of the disbursement of the €3 billion, and additional funding for the Refugee Facility for Syrians;
- the preparation for the opening of new chapters in the accession negotiations;
- the possibility of establishing in Syria areas which will be safer; and
- the resettlement of Syrian refugees on a one-for-one basis.

Following that, on 5 May 2016, the European Commission [proposed](#) to lift visa requirements for Turkish citizens from the end of June 2016 onwards. That deadline has now become [unrealistic](#) and therefore visa liberalisation is [not expected](#) before September 2016 at the earliest.

EU leaders are expected to support the Commission's [view](#) that, although significant first steps in the implementation of the agreement have been taken, both on the Turkish and the EU side, and that the EU-Turkey Statement is delivering results, [progress](#) achieved so far remains fragile. The [messages](#) from the Justice and Home Affairs Council on 9-10 June 2016 will be reiterated, namely that returns to Turkey from Greece should be stepped up and that the EU's assistance through Frontex and EASO should be prioritised in contributing to these returns. The Commission will present its third report on the implementation of the EU-Turkey Statement in September 2016, which will then most likely feature again on the agenda of the 20-21 October 2016 European Council meeting.

In April and May 2016, the EU Court of Justice received three [cases requesting the annulment](#) of the EU-Turkey statement. These cases are of particular interest as the requests for annulment address a European Council act. Questioning the validity of a European Council act before the Court of Justice of the European has only happened [once so far](#), and this time it not only calls into question the substance of the act, but also its legality and procedural aspects.

3. European Semester / Jobs, growth and competitiveness

- **Single market agenda**

At its previous meeting in [March 2016](#), the European Council pledged to adopt ‘an agenda for the implementation of all aspects of the Single Market’ in June 2016. Furthering this, the Commission’s communication [Delivering the Single Market Agenda for Jobs, Growth and Investment](#) aims at unlocking the full potential of the single market to boost growth, create jobs and increase competitiveness, with a focus on the [Single Market Strategy](#), the [Digital Single Market Strategy](#) (DSM) and the [Capital Markets Union Action Plan \(CMU\)](#). The ongoing strategies and action plan have already been endorsed by the European Council in its [prior conclusions](#), with a call for ambitious implementation. EU leaders are expected to endorse the communication on Delivering the Single Market Agenda, and invite EU institutions and the Member States to advance on key issues as a matter of priority. President Tusk recently called for ‘[swift and determined progress](#)’ on the DSM, whilst ministers from 14 Member States have sent a [letter](#) to the rotating Council presidency and the Commission, demanding rapid and ambitious action on this front.

- **European Investment Plan**

EU leaders will assess progress achieved by the European Fund for Strategic Investment (EFSI) and give guidance on future steps. EFSI aims at accumulating at least €315 billion of additional investment from both public and private sources over a three-year period, to stimulate investment into the real economy and thereby boost growth and economic recovery. According to the Commission communication, [Europe investing again](#), EFSI is on track to meet its objective. The Commission now proposes to extend the Fund beyond its original deadline of 2018.

- **Economic and Monetary Union (EMU)**

The forthcoming European Council is also expected to address the latest developments on completion of EMU. In their [previous conclusions](#), Heads of State or Government called for rapid advancement on the Commission’s proposals and indicated three priorities: effective economic and fiscal governance, the euro area's external representation, and Banking Union. The Commission published a roadmap for [moving towards more efficient external representation of the euro-area in international fora](#) and a proposal on [unified representation in the IMF](#). It has also proposed a [euro-area system of national competitiveness boards](#) and adopted a decision on an [independent advisory European fiscal board](#). The Ecofin Council of [17 June 2016](#) made progress on many aspects of deepening EMU, such as an agreement on the recommendation on establishing National Productivity Boards. It also adopted a roadmap on strengthening Banking Union, addressing the remaining challenges in three main areas: the [European Deposit Insurance Scheme](#), a common backstop to the Single Resolution Fund, and risk-reducing bank regulation.

- **European Semester**

In line with the [European Semester cycle](#), the European Council is expected to endorse the 2016 [country specific recommendations](#) (CSRs).

- **Tax fraud and tax evasion**

[In December 2014](#), EU leaders called upon the Council to advance urgently on efforts related to the fight against corporate tax avoidance and aggressive tax planning. As a response, the Commission tabled several proposals in 2015 and early 2016. The forthcoming European Council is expected to assess on-going actions. The Commission launched the [Anti-Tax-Avoidance package](#) and the [VAT Action Plan](#) in April and January 2016 respectively. The Ecofin Council on [25 May 2016](#) adopted a directive on the exchange of tax-related information on multinational companies and a directive on a minimum 15 per cent standard VAT rate until the end of 2017. Based on Ecofin Council conclusions of [17 June 2016](#), the anti-tax-avoidance directive will be [adopted](#) at a forthcoming Council meeting. Although the Parliament is only consulted in the area of taxation (where Council decides on legislation by unanimity), it has taken an active stance, notably with regard to tax evasion and tax fraud, through the work of [two special committees on taxation](#) and the new [inquiry committee on the Panama Papers](#).

4. External relations

- **EU-NATO relations**

EU-NATO [cooperation](#) is expected to be discussed at this European Council. Both the EU and NATO are in the final stages of redefining their perceptions of the threats they face with regard to the [South](#) and, particularly, in the case of NATO, to the [East](#). A new strategic document will be presented at this [European Council](#) meeting. NATO is expected to reinforce its eastern flank at the [Warsaw Summit](#) in July 2016, thus giving a strong [political signal](#) of support to its eastern members. On [8 June 2016](#), Donald Tusk and Jean-Claude Juncker met with the NATO Secretary-General, Jens Stoltenberg, to discuss EU-NATO cooperation. A joint communiqué is expected around the time of the NATO Summit, on 8-9 July 2016.

- **EU Global Strategy on Foreign and Security Policy**

The High Representative/Vice-President of the Commission, Federica Mogherini, will present a new [strategic document](#) on an EU Global Strategy on Foreign and Security Policy, as mandated by the Heads of State or Government in [June 2015](#). The Ministers of Foreign Affairs held a [discussion](#) on the EU's foreign and security policy priorities for the coming years on [23 May 2016](#), aimed at building consensus on commonly-shared objectives. It remains to be seen if the European Council will formally 'adopt' the new strategic document or rather only '[welcome](#)' it. (In [December 2003](#), the 'European Council adopted the [European Security Strategy](#)').

- **Sanctions against Russia**

On 17 June 2016, the [Council](#) renewed the restrictive measures taken against Russia following the illegal annexation of Crimea and Sevastopol for an additional period of 12 months. On [24 June 2016](#), a second set of sanctions (economic) is expected to be prolonged for an additional period of six months. This could [trigger a general discussion](#) in the European Council on the EU's sanctions policy towards Russia.

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