Outlook for the European Council meeting on 22-23 June 2017 and the European Council (Article 50) meeting on 22 June 2017

At their meeting on 22-23 June 2017, EU leaders will focus on internal security, including, most probably, the fight against terrorism, as well as external security, when they will assess progress made in European defence cooperation. They will also review progress on deepening and modernising the Single Market, and endorse the country-specific recommendations under the European Semester process. In addition, migration, external relations and the Paris Agreement on climate change are to be discussed. Although not on the draft agenda, EU leaders will probably address current issues related to trade. Finally, EU-27 leaders will meet in a separate formal European Council (Article 50) without the United Kingdom, to discuss the latest developments following the UK’s formal notification of its withdrawal from the EU.

I. Implementation – follow-up on previous European Council commitments

According to commitments made in previous conclusions, the European Council should address a number of items (Table 1) at its June meeting. All of these feature prominently on the annotated draft agenda.

Table 1: Commitments relating to agenda of European Council meeting of 22-23 June 2017

<table>
<thead>
<tr>
<th>Policy area</th>
<th>Previous commitment</th>
<th>Meeting at which commitment was made</th>
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<tr>
<td>External Security and Defence</td>
<td>Review progress and provide strategic guidelines</td>
<td>European Council March 2017</td>
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<tr>
<td>Migration</td>
<td>Return to the issue</td>
<td>European Council March 2017</td>
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II. Security and defence

The European Council will hold a session dedicated to security, concentrating on both internal and external dimensions. As part of the internal security debate, the European Council is likely to review progress made on the Entry-Exit System (EES) and European Travel Information and Authorisation System (ETIAS) since March 2017. EU Heads of State or Government have already called on the co-legislators (Council and Parliament) to agree by June 2017 on the European Commission’s April 2016 proposal to establish an EU Entry-Exit System. Their proposal reached the trilogue phase in May 2017. They also called on the co-legislators to agree on ETIAS in 2017, based on a European Commission proposal from November 2016. On 9 June 2017, Interior Ministers agreed on a Council negotiating position; meanwhile, the proposal is awaiting a vote in the Civil Liberties, Justice and Home Affairs (LIBE) Committee of the European Parliament. ETIAS is expected to be operational by 2020.

With several EU Member States having faced terrorist attacks in recent months, both Interior Ministers and Ministers of Foreign Affairs discussed counter-terrorism at their June 2017 meetings. In May 2017, the G7 leaders, meeting in Taormina, Italy, signed a joint declaration on combatting terrorism, in which they committed themselves to countering the use of the internet for terrorist purposes. On 13 June, the new President of France, Emmanuel Macron, and the Prime Minister of the United Kingdom, Theresa May,
reiterated their commitment to the principles of the Taormina declaration and announced a joint action plan on combatting terrorism open to all EU partners.

With respect to external security, the European Council will assess progress made since December 2016 and March 2017 on strengthening EU cooperation on security and defence, and give strategic guidelines for further work. The implementation of the security and defence component of the EU Global Strategy is generally on track, with progress noted at the March, May, and June 2017 Foreign Affairs Councils.

EU leaders will most likely focus on two outstanding issues, namely Permanent Structured Cooperation (PESCO) in the field of security and defence and EU Battlegroups. The former requires the Member States to reach consensus on the governance of the mechanism, on participation criteria and on the types of projects. The EU Battlegroups discussion serves as an indicator of the EU’s commitment to meet the level of ambition displayed in the EU Global Strategy. An endorsement of the review principles outlined by the May 2017 Foreign Affairs Council could increase the flexibility and the modularity of EU Battlegroups. It will nonetheless remain entirely up to Member States to decide whether to use this mechanism in the future.

As in December 2016, the highlight of the summit will probably be the Commission’s European Defence Action Plan (EDAP) and, in particular, the recently launched European Defence Fund (EDF). The EDF will allow for EU funding of up to €90 million between 2017 and 2019 under the ‘research window’ for cooperative research projects in the areas of metamaterials, electronics and encrypted software. The amount is expected to rise to €500 million per year under the next Multiannual Financial Framework (MFF), pending the budgetary authority’s approval. From 2020 onwards, the ‘capability window’ is expected to lead to the European Commission administering up to €1 billion of national funding for development and acquisition on behalf of the Member States, with an expected multiplier factor of five per year.

The Heads of State or Government will probably also welcome the progress made so far in implementing the Joint Declaration with NATO. EU-NATO cooperation remains central to European security and defence, and was considered at the May 2017 NATO summit.

III. Jobs, growth and competitiveness

- Single Market

In June 2016, the European Council called for the completion and implementation of the Single Market strategies by 2018, and invited the Council to report on progress achieved each June. This objective was repeated at the autumn 2016 and spring 2017 European Councils, with an emphasis on actions in the fields of fostering digitalisation, reducing barriers to cross-border activities, and encouraging the free movement of capital. In terms of deepening and modernising the Single Market, EU leaders have also underlined the importance of implementing and effectively enforcing measures already taken, and progressing on legislative proposals in line with the EU institutions’ Joint Declaration on legislative priorities for 2017.

The European Council will review the state of play and identify areas for priority action in this field. The Competitiveness Council of 30 May 2017 examined the progress made on implementation of the Digital Single Market (DSM) and the Single Market strategies, with a focus on the Commission’s mid-term review of the DSM. Moreover, the Ecofin Council of 16 June addressed the Commission’s recently published mid-term review of the Capital Markets Union.

- European Fund for Strategic Investments (EFSI)

The European Council has closely monitored the establishment and performance of the European Fund for Strategic Investments (EFSI). In October and December 2016, EU leaders endorsed the proposal to extend EFSI, and invited the co-legislators to advance rapidly on the legislative procedure, calling for its adoption "during the first half of 2017". Consequently, the European Council might address developments in this area.

- External Trade

In March 2017, EU leaders reiterated their call for rapid adoption of the proposals on trade defence instruments. Interinstitutional negotiations are ongoing on the Commission’s April 2013 proposal, which seeks to strengthen anti-dumping and anti-subsidy instruments in tackling the unfair trade practices of
certain third countries. A second proposal, from November 2016, would introduce a new methodology to calculate anti-dumping duties on imports from countries where 'significant market distortions' have been identified. The Council adopted its position in May 2017, while the Parliament’s Committee for International Trade voted on it at its 19-20 June 2017 meeting.

EU leaders may possibly examine the issue of screening foreign investments in strategic sectors. In the Commission’s reflection paper on harnessing globalisation, concerns have been raised in relation to ‘foreign investors, notably state-owned enterprises, taking over European companies with key technologies for strategic reasons’. In a letter, accompanied by a joint paper, sent to EU Trade Commissioner, Cecilia Malmström, in February 2017, Germany, France and Italy called for the issue to be addressed at EU level. EU leaders may also refer to negotiations on free trade agreements with key trade partners, including Japan, Mercosur and Mexico.

- European Semester

In accordance with the 2017 European Semester, the European Council is set to endorse the latest set of country-specific recommendations (CSRs), paving the way for their final adoption by the Council in July.

IV. Migration

With respect to the external dimension of migration, based on the Valetta Action Plan, the Partnership Framework and the Malta Declaration of February 2017, EU leaders will consider progress made in implementing measures to stem illegal migration flows on the Central Mediterranean route. Analysts noted that the Malta Declaration focused ‘almost exclusively’ on the situation in Libya, and confirmed the country’s importance to countering illegal migration flows in the Central Mediterranean. The declaration prioritises stabilisation efforts, capacity-building (coast-guard training and equipment in particular) and ensuring adequate reception capacities and conditions in Libya for migrants, in partnership with UNHCR and IOM. In addition, the Maltese Prime Minister and current President of the Council, Joseph Muscat, is expected to present the progress since March 2017, when EU leaders last discussed the topic.

On the internal dimension of migration, EU leaders will discuss the reform of the Common European Asylum System (CEAS) with a focus on the principles of responsibility and solidarity. Following the 8-9 June 2017 Justice and Home Affairs Council, Commissioner Dimitris Avramopoulos declared that the EU needs a ‘crisis-resistant system, which is both effective and fair’, and stated that ‘solidarity cannot be a one-way street or à la carte’. Several Member States, including Italy and Greece, are supportive of continuing work on the two above-mentioned principles, and are keen to see a package deal reached as soon as possible on the seven dossiers which make up the CEAS.

V. The Paris Agreement on climate change

The European Council will discuss the implementation of the 2015 Paris Agreement on climate change for the first time since the announcement of the United States' withdrawal. The EU has highlighted on several occasions its willingness to lead the global transition towards a low-carbon and sustainable economy, recently underlining the need to reinforce existing partnerships and seek new ones. In line with the communiqué of the G7 Environment Ministers on 13 June 2017 and the UNFCCC statement of 1 June 2017, EU leaders are expected to express their determination to implement the Paris Agreement, including its financial aspects, and highlight that it is not open for renegotiation.

VI. External relations

The European Council will also address foreign policy items. The spring of 2017 was defined by an intense diplomatic agenda, including inter alia the 26-27 May G7 Summit in Taormina, where questions linked to countering terrorism, instability in the EU’s neighbourhood, growth, international trade, and reducing inequality were discussed; and the EU-China Summit. The President of the European Council, Donald Tusk, may inform EU leaders of the outcome of these discussions. He may also give an overview of discussions held in Brussels in May 2017 with the US President, Donald Trump, and with the President of Turkey, Recep Tayyip Erdoğan.
The Heads of State or Government could possibly also examine the status of the implementation of the Minsk agreements in the context of the further deterioration of the situation in eastern Ukraine (Donbas area). Related to this, in a meeting on 9 June with the President of Ukraine, Petro Poroshenko, the President of Lithuania, Dalia Grybauskaitė, mentioned that ‘there are no conditions to remove the sanctions’, given the current situation on the ground. On 19 June 2017, the Foreign Affairs Council extended by one year sanctions set on Russia following the illegal annexation of Crimea and Sevastopol.

VII. Other items

In March 2017, EU leaders highlighted the importance of continued attention to the digital agenda, and hence this issue might come up again at the meeting, since building a connected digital Europe features prominently in the Joint Declaration on the EU’s legislative priorities for 2017. It is also at the heart of the main priorities of the Estonian Presidency of the Council of the EU, which starts on 1 July 2017. In this context, EU leaders will gather in Tallinn on 29 September 2017 to discuss the digital future of Europe.

According to the annotated draft agenda, the European Council might discuss the priorities of the forthcoming G20 Summit, which will take place in Hamburg on 7-8 July 2017. Under the 2017 German Presidency and building on the established working process, the G20 meeting will discuss a variety of global challenges, focusing on three main priorities: ‘building resilience’, ‘improving sustainability’ and ‘assuming responsibility’ – the overarching theme being ‘shaping an interconnected world’.

VIII. European Council (Article 50) meeting on 22 June 2017

A first formal meeting of the European Council (Article 50) without the UK was held on 29 April 2017, one month after the UK’s formal notification of its intention to withdraw from the EU. The EU-27 leaders adopted guidelines for the Article 50 TEU negotiations, which set out their united position on overall principles and priorities, while also agreeing on proceeding with a phased sequencing of the negotiations. The EU-27 leaders meet again in the formal setting of the European Council (Article 50) on 22 June, after the working dinner, to take stock of latest developments.

In line with the guidelines of the European Council (Article 50) and building on the Commission recommendations, the General Affairs Council (GAC) (Article 50) of 22 May authorised the start of negotiations and appointed the Commission as the EU negotiator. It also adopted a set of negotiating directives for the first phase. The ministers also agreed on guiding principles for transparency and on the establishment of a specific working party to assist Coreper and the Council on Brexit matters. On 12 June, the EU published position papers on two of the three priority questions for the first phase, namely citizens’ rights and a settlement of financial obligations.

In accordance with the joint statement by the UK Department for Exiting the European Union and the European Commission, the first meeting of the Brexit negotiations took place on Monday 19 June. Based on the provisional schedule set out by the EU’s chief negotiator, Michel Barnier, a first report to the European Council (Article 50) is envisaged for the 22-23 June 2017 meeting.

In the margins of the European Council (Article 50) meeting, EU-27 leaders are expected to endorse a decision-making procedure for the relocation of the two UK-based EU agencies, the European Banking Authority (EBA) and European Medicines Agency (EMA). Prior to that, their relocation was on the agenda of the General Affairs Council (Article 50) on 20 June. In the European Council (Article 50) of 29 April, President Tusk informed the EU-27 leaders of the intention to set out this procedure.

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