

December 2017

## Outlook for the meetings of EU leaders on 14-15 December 2017

On 14 and 15 December 2017, EU leaders will convene in four different settings with varying compositions and levels of formality: a regular summit of the European Council, a Leaders' meeting on migration, a European Council (Article 50) meeting, and an enlarged Euro Summit. The agenda of the formal European Council concentrates on defence, social policy, and education and culture, whilst the informal Leaders' meeting will focus exclusively on migration, and notably on the reform of the Common European Asylum System. At the European Council (Article 50) meeting, EU leaders will consider the Commission's recommendation that 'sufficient progress' has been made in the negotiations with the United Kingdom, and decide whether to move to the next phase. The enlarged Euro Summit will discuss further developments in the [euro area](#), the [banking union](#) and the gradual completion of Economic and Monetary Union (EMU).

### 1. Implementation: Follow-up on previous European Council commitments

According to commitments made in its previous conclusions, the European Council should return to migration and external security and defence issues (Table 1) at its December meeting. Both feature prominently on the [annotated draft agenda](#).

**Table 1: Commitments relating to the agenda of the European Council meeting of 14-15 December 2017**

Policy area	Previous commitment	Meeting at which commitment was made
Migration	Return to the reform of the Common European Asylum System (CEAS)	19-20 October 2017
Security and defence	Revert to the issue and assess the progress of all aspects of the external security and defence agenda	19-20 October 2017

### 2. European Council meeting

#### a. Defence

As called for in [previous conclusions](#), the European Council will welcome the launch of Permanent Structured Cooperation (PESCO), a [Treaty-based mechanism](#) to deepen defence cooperation amongst EU Member States (see box), decided upon at the Foreign Affairs Council meeting on 11 December 2017. EU leaders will assess progress made on [commitments](#) undertaken at their December 2016 meeting and subsequent meetings held on defence in [March](#), [June](#) and [October](#) 2017.

#### PESCO – Permanent Structured Cooperation

PESCO is an enhanced cooperation mechanism in the field of Common Security and Defence Policy (CSDP), introduced by the Treaty of Lisbon ([Articles 42\(6\)](#) and [46 TEU](#), and [Protocol No 10](#)).

**Scope:** PESCO is designed to allow increased defence cooperation between those Member States which possess the necessary military capabilities and have made binding commitments to one another in the areas identified in Protocol 10, notably defence investment, capability development and operational readiness. PESCO would thus act as an umbrella for flexible cooperation among smaller sets of PESCO members.

**Set-up process:** Following the presentation of a list of common commitments in September 2017, 23 Member States wishing to establish PESCO made a [notification](#) to the Council and the High Representative (HR/VP) on 13

November 2017. The [decision](#) to establish PESCO was adopted by the Council, by qualified majority voting (QMV), at its meeting of 11 December, following the submission by each of the participants of a national Implementation Plan (NIP) outlining their ability to meet the binding commitments. The decision sets out a list of more binding commitments, including ‘regularly increasing defence budgets in real terms’.

**Participants:** All EU countries except Denmark, Ireland, Malta, Portugal and the UK signed the notification of 13 November. Ireland and Portugal have subsequently notified their decision to join.

**Decision-making:** Decisions are taken by the participating Member States – meeting in a Foreign Affairs/Defence Ministers Council format – by unanimity for overall policy direction, the selection of projects and the assessment mechanism, and by QMV on new membership of, or suspension from, PESCO.

**Projects:** Participating Member States also adopted a declaration identifying an initial [list of 17 projects](#) to be undertaken under PESCO, which the Council is expected to formally adopt in early 2018. One interesting example is the project on '[Military Mobility](#)', which aims at simplifying and standardising cross-border military transport procedures, on which the Netherlands leads. Each project will be managed by the Member States contributing to it; others can decide to join.

**Governance:** PESCO will include an overarching layer maintaining the coherence and ambition of PESCO, and a second layer on the governance of projects. The HR/VP will manage the annual assessment called for by the European Council, and a strategic review at the end of each PESCO development phase (2018-2021; 2021-2025). On capability development aspects and operational aspects, the European Defence Agency and the European External Action Service respectively will act as the secretariat of PESCO.

The December 2016 European Council assessed progress along three lines of action: 1) an [implementation plan on security and defence](#) (IPSD); 2) a [common set of guidelines](#) for EU-NATO cooperation, including 42 proposals based on the [Warsaw Joint Declaration](#); and 3) a proposal by the European Commission to establish a [European Defence Action Plan](#) (EDAP). EU leaders also set a clear timetable for a number of [specific actions](#) to be taken throughout 2017 – of those, some have been completed, such as, for instance the establishment of a [European Defence Fund](#) (EDF) – and the first [trial run of a Coordinated Annual Review on Defence](#) (CARD). Throughout 2017, more specific deadlines were agreed upon as progress was made, such as the agreement on the launch of PESCO by December 2017. Concerning EU-NATO cooperation, a [first progress report](#) on the implementation of the 42 proposals was released in June 2017. NATO foreign ministers met on 5-6 December 2017 to [explore means of expanding cooperation](#) between NATO and the EU, among other issues.

## **b. Social policy, education and culture**

### **Social policy**

EU leaders are expected to adopt conclusions on [social policy](#), following up on the [Gothenburg Social Summit for Fair Jobs and Growth](#). The Social Summit, held on 17 November 2017, gathered together Heads of State or Government, social partners and other key players to work towards a social Europe and to promote fair jobs and growth. On that occasion, the European Parliament, the Council and the Commission jointly proclaimed the [European Pillar of Social Rights](#). Aimed at strengthening the social *acquis*, it contains a set of 20 key principles and rights to support fair and well-functioning labour markets and welfare systems. The next steps will involve, inter alia, implementation of the Pillar’s principles and rights, progressing on [pending social files at EU level](#) as well as examining new Commission initiatives as set out in its [2018 Work Programme](#).

### **Education and culture**

Heads of State or Government will also discuss education and culture, following up on a discussion EU leaders held in the margins of the Social Summit. Prior to the November meeting, the European Council President, Donald Tusk, presented a [Leaders’ ‘decision note’](#), which suggested a number of possible initiatives in the field of education and culture. Whilst support was [expressed](#)<sup>1</sup> on certain possible initiatives, notably stepping up of the [Erasmus Plus](#) programme for European students and apprentices, and even young professionals, other suggestions such as the alignment of secondary school curricula were seen less favourably. The results of this discussion will feed into the conclusions of the December 2017 European Council.

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<sup>1</sup> Peter Ludlow, [Euro Comment](#) European Council Briefing Note 2017/8

### **c. Other items**

#### **Mid-term review of the strategic guidelines in the area of freedom, security and justice**

Heads of State or Government will also discuss the mid-term review of the [strategic guidelines](#) in the area of freedom, security and justice, which were adopted by the European Council in June 2014. The discussion by EU leaders would be the last step in the [review process](#), after an exchange of views in the Justice and Home Affairs Council meeting on 12 October 2017 and an informal seminar on 8 November, which included Member States, Schengen Associated Countries, EU institutions, bodies and agencies, and academia and civil society organisations. EU leaders are expected to stress the substantial change of context since June 2014, with the internal security situation and migration pressures notably presenting significant challenges. They will most likely conclude that, despite significant progress, proper implementation, cooperation and consistency are still required to increase the effectiveness of the policies agreed.

### **3. Leaders' meeting on Migration on 14 December**

The Members of the European Council will also discuss migration, but in an informal setting and with no written conclusions. The result of these informal discussions will provide the basis for the formal conclusions on migration at a subsequent meeting of the European Council, most likely June 2019. This approach reflects the recent change in the [working methods](#) of the European Council, including a more 'political approach' to its discussions, enabling more direct engagement on politically sensitive issues, more 'rigorous follow-up' of European Council meetings and decisions, and an increase in the frequency of meetings.

EU leaders are expected to hold a thematic debate on the way forward on the external and internal dimension of migration policy. The right balance between responsibility and solidarity is likely to constitute a core element of the discussion, notably in connection with the reform of the Common European Asylum System (CEAS). However, the recent [proposal](#) by the Estonian Presidency, suggesting that the relocation aspect of the asylum system could be made voluntary rather than automatic, as [requested](#) by the European Parliament, will probably not be raised. This issue of relocation has long been a major obstacle in agreeing on the new CEAS, with the Visegrad countries (i.e. Czech Republic, Hungary, Poland and Slovakia) in particular calling for a voluntary system, while others stress the need for mandatory relocation quotas. On 7 December 2017, the European Commission [decided](#) to refer the Czech Republic, Hungary and Poland to the Court of Justice of the EU for non-compliance with their legal obligations on relocation. On the same day, it published its [contribution](#) to the EU Leaders' discussion on migration, where it recommends that leaders ensure swift progress on the reform of the EU's Common European Asylum System, the further strengthening of partnerships with third countries, the continued opening of legal pathways to Europe and the securing of adequate funding for the future. The Commission also encourages EU leaders to agree on the right balance between responsibility and solidarity at their meeting in Sofia in May 2018, which should then lead to political agreement on the overall reform of the CEAS at the June 2018 European Council meeting.

### **4. Euro Summit**

On 21 September 2017, Donald Tusk convened a Euro Summit, in an inclusive format of 27 Member States, for 15 December, including, in addition to the 19 countries which have adopted the euro, those which do not belong to the euro area but have ratified the [Treaty on Stability, Coordination and Governance in the EMU \(TSCG\)](#). This format is provided for in the TSCG, for discussions relating to competitiveness, modification of the global architecture of the euro area, and the fundamental rules that will apply to it in the future. The Heads of State or Government of the Czech Republic and Croatia, which are not party to the TSCG, have also been invited as observers, considering the importance of the issues to be discussed.

Both Mario Draghi, President of the European Central Bank (ECB), and Jeroen Dijsselbloem, President of the Eurogroup, have been [invited](#) to attend this Euro Summit. The former will outline the challenges ahead for the European economy, while Dijsselbloem, who will hand over the presidency of the Eurogroup to Mário Centeno on 13 January 2018, will present the work of the Eurogroup.

The Euro Summit will discuss the further development of the euro and gradual completion of [Economic and Monetary Union](#) (EMU), including the completion of the [Banking Union](#) through [bank risk reduction](#) and risk-sharing. It will consider the development of the ESM into a [European Monetary Fund](#), and proposals on governance and budgetary resources specific to the euro area. Ahead of the Euro Summit meeting, on 6 December 2017, the European Commission put forward a package of initiatives on the future of EMU. These include a [roadmap](#) for deepening EMU, setting out concrete steps to be taken over the next 18 months, and a series of initiatives aimed, inter alia, at 1) establishing a [European Monetary Fund](#), 2) [integrating the substance of the TSCG into the EU legal framework](#), 3) setting up [new budgetary instruments for a stable euro area](#), and 4) defining [possible functions of a European Minister of Economy and Finance](#), who could serve as both Commission Vice-President and Chair of the Eurogroup. Discussions at the Euro Summit are to prepare concrete decisions to be adopted by June 2018 (with more decisions envisaged for March 2019).

## 5. European Council (Article 50) meeting on 15 December

At the European Council (Article 50) meeting on 15 December 2017, EU Heads of State or Government are expected to conclude, following the [recommendation](#) of the European Commission, that ‘sufficient progress’ has been achieved in the negotiations with the United Kingdom, and issue guidelines on the opening of the second phase of negotiations concerning, in the first instance, transitional arrangements. Leaders of the EU-27 will be briefed by the EU's chief negotiator, Michel Barnier, on recent developments and the outcome of the [sixth round](#) of Article 50 negotiations with the United Kingdom. The President of the European Commission, Jean-Claude Juncker, and the President of the European Council, Donald Tusk, will report from their respective meetings during the previous week with the UK Prime Minister, Theresa May, and outline the main elements of the [agreement](#) reached in negotiations. The latter covers all three key areas in the negotiations: citizens' rights, finances and the border issue in Ireland. Concerning EU citizen's rights, the agreement guarantees that ‘the rights of EU citizens living in the UK and UK citizens in the EU-27 will remain the same after the UK has left the EU’. Regarding finances, Theresa May, [reiterated](#) her previous statement, outlined in her speech on 22 September in Florence, that the UK is a country that ‘honours its obligations’. The agreement [confirms](#) that ‘commitments taken by the EU-28 will be honoured by the EU-28, including the UK’ and specifies the methodology for the financial settlement. Concerning Northern Ireland, the text includes numerous commitments to avoid a hard border, protect the Good Friday/Belfast Agreement and also preserve the integrity of the UK. It envisages that the relationship between Northern Ireland and Ireland should be governed by the future overall EU-UK relationship.

The [draft guidelines](#) circulated by Donald Tusk propose that the next steps should be negotiating a transition period and seeking clarification of the British vision of its future relationship with the EU. The draft proposes that, during the transition period, the UK would respect the whole body of EU law, including new law, budgetary commitments, judicial oversight and all related obligations. However, during the transition period following the UK's withdrawal, the UK would no longer participate in EU decision-making among the remaining 27 Member States. The policy areas currently under consideration for the future close partnership between the UK and the EU are trade, the fight against terrorism and international crime, and security, defence and foreign policy. The European Council will adopt guidelines on the framework for future relations in 2018. The European Parliament is expected to adopt a resolution following a [plenary debate](#) on 13 December 2017.

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