# Outcome of the meetings of EU leaders on 28-29 June 2018

HIgh expectations had built up before the June European Council meeting, in particular on migration. Prior to the meeting, the European Council President, Donald Tusk, had said that 'the stakes are very high. And time is short.' Thus, Heads of State or Government focused mainly on migration, with one reserving its position on the entire conclusions. Ultimately, a compromise satisfying the different interests was found: covering external border protection, solidarity, measures on a voluntary basis, and addressing secondary movements. The European Council also discussed security and defence, and economic and financial affairs. External relations and the Multiannual Financial Framework (MFF) received less attention than initially planned. In accordance with Article 14(2), it adopted a decision on the future composition of the European Parliament. On Brexit, EU-27 Heads of State or Government renewed their call on Member States, EU institutions and stakeholders 'to be prepared at all levels and for all outcomes'. Finally, the Euro Summit called for further work on banking union and reform of the European Stability Mechanism (ESM) ahead of a Euro Summit in December 2018.

## 1.  European Council commitments: Implementation and new deadlines

Boyko Borissov, Bulgarian Prime Minister and President-in-Office of the Council, provided an overview on the progress made in implementing previous European Council conclusions.

**Table 1: New European Council commitments and requests with a specific time schedule**

| Policy area | Action | Actor | Schedule |
|---|---|---|---|
| Security and Defence | Smplify and standardise relevant rules and procedures on military mobility | Member States | 2024 |
| Security and Defence | Review the implementation of the actions on military mobility | Commission and the High Representative | Spring 2019 |
| Security and Defence | Present an action plan for a coordinated EU response to the challenge of disinformation | High Representative, the Commission and Member States | December 2018 |
| Migration | Progress report on the reform of the new Common European Asylum System | Council Presidency | 18-19 October 2018 |

## 2.  European Council meeting

### Migration

Despite a 95% reduction in detected illegal border crossings into the EU since October 2015, migration took centre stage at this European Council. President Tusk shared his reflections in his invitation letter, and made the case that 'the people of Europe expect us … to show determination in our actions aimed at restoring their sense of security.' German Chancellor, Angela Merkel, described migration as the potential 'make-or-break challenge for the EU.' As reflected in the conclusions, discussions over recent weeks have shown that, while all agree on the importance of the effective control of the EU's external borders, some Member States' focus was more on the issue of 'solidarity' while others concentrated on the challenge of 'secondary movements' (i.e. when refugees or asylum-seekers move from the EU Member State in which they first arrived to seek protection or for permanent resettlement elsewhere. See EPRS briefing).

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Emphasising its comprehensive approach to migration, the European Council set out four areas of action, along the lines suggested by the Commission. The first is to consolidate the external dimension of migration policy: Heads of State or Government agreed to set up regional disembarkation platforms outside Europe, and to significantly step up the EU return policy. Yet, following the situation experienced with the rescue ships Aquarius and Lifeline, it was also agreed that, on a voluntary basis, Member States would share the effort to take care of rescued people on EU territory, according to international law. 'Controlled centres' would be set up in the Member States, to distinguish irregular migrants, who will be returned, from those in need of international protection.

Second, the European Council committed to enhancing the effectiveness of the return policy and better protecting the EU's external borders: Heads of State or Government decided to expand the resources and mandate of Frontex.

Third, the European Council emphasised the need for increased support to partner states. It agreed to increase support to the Libyan coastguard, as well as to other countries of origin and transit. It called upon Member States to contribute further to the EU Trust Fund for Africa, and on the EU to develop the cooperation with the African Union. It also reiterated the importance of fully implementing the EU-Turkey Statement. With a view to the next MFF, it requested flexible instruments and called for 'a dedicated, significant components for external migration management'.

Fourth, on the internal dimension of migration, the European Council emphasised that 'secondary movements of asylum-seekers between Member States risk jeopardising the integrity of the Common European Asylum System [CEAS] and the Schengen *acquis*. Member States should take all necessary internal legislative and administrative measures to counter such movements and to closely cooperate amongst each other to this end.' As regards the CEAS reform, whilst highlighting the progress made, with five out of seven files close to finalisation, the European Council admitted that further work was needed on the Dublin Regulation to find a consensus based on a balance of responsibility and solidarity. Missing its self-imposed June 2018 deadline, it invited the Council to conclude its work as soon as possible so as 'to find a speedy solution to the whole package'.

*Main messages of the EP President*: Parliament's President, Antonio Tajani, concurred on the creation of reception centres in Africa, support to Libya, and increase in funding for countries of origin and transit. For him 'the overhaul of the asylum system remains the key to the whole problem', including ensuring effective returns and secondary movements. He also argued that the EP's text would be a good starting point as 'it brings together a firm position with solidarity' and that the whole asylum package should be approved as one without delay, and not separately.

## Security and defence

As expected, the European Council took stock of progress made on European defence cooperation, stating that 'Europe must take greater responsibility for its own security'. It renewed its commitment to increase defence spending, further develop capabilities and improve 'operational readiness' in order to enhance 'strategic autonomy'. 'Burden sharing' may be discussed at the 11-12 July 2018 NATO Summit, where a new Declaration on EU-NATO cooperation is expected. Attending a session on EU-NATO cooperation, the NATO Secretary-General, Jens Stoltenberg, stressed the good operational cooperation of the two organisations, though he admitted that 'there are differences and disagreements between NATO allies'. He also emphasised that 'Europe and North America need one another'. The European Council also discussed ways of countering hybrid threats, i.e. through intelligence cooperation within the EU and with NATO.

*Main messages of the EP President*: President Tajani commended the provisional agreement on the European Development Industrial Programme, which the Parliament will vote on at its July session. He welcomed the first ever 'specific budget heading devoted to defence' in the draft 2019 budget.

## Jobs, Growth and Competitiveness

The European Council endorsed the integrated country-specific recommendations as discussed by the Council, thus allowing the conclusion of the 2018 European Semester. On taxation, it confirmed its support for the fight against tax avoidance and evasion at EU and global level. Reiterating the need to adapt taxation systems to the digital era, it called for progress on the Commission proposals on digital taxation and on VAT reform.

*Main messages of the EP President*: President Tajani stressed that fair taxation of EU companies was a priority for the Parliament, recalling the latter's resolution of 15 March 2018 on a European minimum rate of corporation tax and for firms to be taxed in the place of value generation.

## Innovation and Digital Europe

Heads of State or Government emphasised the need to deliver on remaining Digital Single Market legislative proposals by the end of the 2014-2019 legislative cycle. They called for a stronger and inclusive innovation ecosystem, in line with the informal discussion in Sofia on 16 May. They referred to the European Innovation Council pilot initiative under the next MFF to support disruptive innovation, and invited the Commission to launch a new pilot initiative on breakthrough innovation, under Horizon 2020. The European Council also raised the European data economy, encouraging further action to foster trust in data treatment and full enforcement of the General Data Protection Regulation (GDPR). They addressed the need for a coordinated approach on artificial intelligence, and called for swift agreement on the data package, and on copyright and e-Privacy.

*Main messages of the EP President*: The President outlined positive developments towards completing a digital single market, with agreement reached on the Telecoms Code, as well as the adoption of a negotiating mandate on copyright reform by the EP Committee on Legal Affairs.

## Other issues

The European Council welcomed the agreements brokered between the former Yugoslav Republic of Macedonia and Greece as well as Bulgaria, which 'set a strong example' for other countries in the Western Balkans seeking to 'strengthen good neighbourly relations'. It endorsed the 26 June 2018 General Affairs Council decision to start accession negotiations with the former Yugoslav Republic of Macedonia and Albania in June 2019, provided the two countries stay on the path of reform. Mr Stoltenberg expects the NATO summit to decide on opening accession negotiations with the former Yugoslav Republic of Macedonia, with full membership expected by 2020. (Albania has been a NATO member since 2009.)

Heads of State or Government discussed transatlantic relations, following the 'open' and 'frank' de-briefing by Donald Tusk on the outcome of the G7 Summit. They stressed that transatlantic relations were under strain with the multiplication of unilateral decisions taken by the US on climate, the Middle East and trade. As regards the tariffs imposed by the US on steel and aluminium products from the EU, they reiterated their support for the measures taken by the Commission to protect the EU market. The Commission President, Jean Claude Juncker, said that the current situation should be 'de-dramatised' and that he would raise these issues during his visit to the US in July. In a context of growing trade tensions, the European Council recalled the EU's attachment to multilateralism, committing to work towards improving the functioning of the WTO, along with like-minded partners. It also called for the adoption of the regulation on the screening of foreign direct investments.

As expected, the European Council called on Russia to cooperate to establish 'truth, justice and accountability' concerning the downing of flight MH-17 over Ukraine in July 2014. The President of France, Emmanuel Macron, and the German Chancellor, Angela Merkel, informed their colleagues about the status of the implementation of the Minsk Agreements. Given the lack of progress, the EU leaders agreed to prolong by six months the economic sanctions on Russia.

Due to time limitations, discussions on the post-2020 MFF were brief. However, in its conclusions the European Council took note of the package of proposals on the next MFF presented by the Commission in May, and invited' the European Parliament and the Council to examine these proposals in a comprehensive manner and as soon as possible'. Yet, no timing was indicated for the expected conclusion of these negotiations – before or after the European elections.

*Main messages of the EP President*: President Tajani emphasised that the MFF 'proposed by the Commission is not nearly ambitious enough'. On the timing, he reiterated that the 'Parliament is ready and willing to launch formal and informal talks and enter into negotiations any time'.

## 3. Euro Summit

All Member States, except the UK, met for a Euro Summit in an 'inclusive' format, with the Presidents of the European Central Bank, Mario Draghi, and Eurogroup, Mário Centeno. The outcome was more modest than the Leaders' Agenda had led to expect. Agreement was found on strengthening the ESM, which, as set out in Centeno's letter, 'will provide the common backstop to the Single Resolution Fund'. The Euro Summit statement referred to national contributions, including the Franco-German (Meseberg) one, but not the issue of a eurozone budget, which was not discussed. Decisions were postponed to a Euro Summit in December 2018, with the Eurogroup being invited in the meantime to pursue its work on the ESM and co-legislators to conclude the banking package.

*Main messages of the EP President*: Mr Tajani welcomed 'the proposals on an enhanced fiscal capacity for the Union, a European Finance Minister and the conversion of the ESM into a European Monetary Fund, provided the Community method is employed to carry out these reforms'.

## 4. European Council (Article50) meeting

EU-27 Heads of State or Government were briefed by the Commission's chief negotiator, Michel Barnier, on the state of play in the Brexit negotiations. They adopted conclusions in which they welcomed the progress made on the Withdrawal Agreement, but also indicated that 'other aspects still need to be agreed on, including the territorial application of the Withdrawal Agreement, notably as regards Gibraltar.' The European Council (Article 50) expressed 'its concern that no substantial progress has yet been achieved on agreeing a backstop solution for Ireland/Northern Ireland.' On the future relationship, it called for an acceleration in the preparation of a political declaration, which required 'further clarity as well as realistic and workable proposals from the UK', and recalled that 'if the UK positions were to evolve, the Union will be prepared to reconsider its offer'.

*Main messages of the EP President*: Mr Tajani stressed that 'without an agreement on Ireland there can be no orderly Brexit … and no trust, and trust must be the basis for our future relations.'

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