Post-European Council Briefing

European Parliament

Outcome of the meetings of EU Heads of State or Government, 13-14 December 2018

The meetings of EU Heads of State or Government that took place on 13-14 December 2018 dealt with a more extensive agenda than originally planned. The European Council set a timeline for the negotiations on the MFF, assessed the implementation of its comprehensive approach to migration, and announced that an in-depth discussion on the Single Market would be held next spring. On external relations, it discussed the February 2019 summit with the League of Arab States, expressed its concern regarding the escalation in the Azov Sea, welcomed progress in the field of security and defence, and addressed the issue of disinformation. Additionally, EU Heads of State or Government issued conclusions on climate change and the fight against racism and xenophobia, as well as on citizens' dialogues and citizens' consultations.

Due to developments in the UK, EU Heads of State or Government also needed to discuss Brexit. While the European Council (Article 50) provided assurances on the 'backstop', it reiterated that the Withdrawal Agreement 'is not open for renegotiation'. At the Euro Summit, leaders endorsed the reform of economic and monetary union (EMU) by strengthening the role of the European Stability Mechanism and envisaging the possibility of establishing a euro-area budget.

1. European Council commitments: Implementation and new deadlines

Sebastian Kurz, Austrian Chancellor and President-in-Office of the Council, provided an overview on the progress made in implementing previous European Council conclusions, as well as on the progress in MFF deliberations.

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

Policy area	Action	Actor	Schedule
MFF	Develop an orientation for the next stage of the negotiations, with a view to achieving an agreement	Incoming Presidency	Autumn 2019
Single Market	Agree on as many of the pending proposals relevant to the Single Market as possible	Co-legislators	Before 18 April 2019
Single Market	Hold an in-depth discussion on the future development of the Single Market	European Council	Spring 2019
Climate Change	Provide guidance on the overall direction and political priorities in this field	European Council	First half of 2019
Disinformation	Continue work on this issue and report back to the European Council	Council	March 2019

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2. European Council meeting

Multiannual Financial Framework (MFF)

In the event, among the points originally foreseen for the MFF discussion, the European Council conclusions only address the issues of the timetable for negotiations, leaving out the definition of political priorities for the 2021-2027 MFF and the question of the overall level of expenditure for that period. Currently, the aim is for the European Council to reach an agreement in autumn 2019. This wording leaves room for interpretation: were there to be no agreement at the October 2019 European Council, the 12-13 December 2019 meeting could still provide a possible alternative date.

If the European Council only reaches a political agreement at the end of 2019, and if the timetable of the negotiating process for the 2014-2020 MFF were to be repeated, the Parliament and Council would not be expected to reach an agreement before the summer of 2020 at the earliest. Accordingly, the new European Parliament would be responsible for concluding the negotiations for the next MFF. Moreover, the European Council's agreement on the MFF might come only under the next President of the European Council, since Donald Tusk's second and final mandate ends on 30 November 2019. This could pose an additional challenge for the negotiations, in the event of delays and last-minute bargaining between Member States, as was the case during the last MFF negotiations (see EPRS Briefing).

Main messages of the EP President: The President of the European Parliament, Antonio Tajani, reiterated the Parliament's priorities for the next MFF, including the need for greater flexibility in the future EU budget and the need for sufficient progress on the Union's own resources system, which is an essential precondition for obtaining the Parliament's consent. He criticised the 'negotiating box' as presented by the Austrian Presidency, which 'includes important parts of the legislative proposals for sectoral programmes', and has therefore been 'excluded from the negotiations with the Parliament and agreed only between Member States'. He also expressed his regret that it will not be possible to reach an agreement before the European elections.

Single market

EU leaders decided to hold an in-depth discussion on future developments in the single market and European digital policy in spring 2019, looking ahead to the next 'strategic agenda'. Among the challenges to be addressed, they mentioned services, data economy and artificial intelligence.

Migration

In its conclusions, the European Council pointed out that the 'number of detected illegal border crossings has been brought down to pre-crisis levels'. It nevertheless reiterated the need to remain vigilant on all existing and emerging migration routes. EU Heads of State or Government invited the co-legislators to rapidly conclude the negotiations on the Asylum Agency and the European Border and Coast Guard (EBCG). While welcoming the agreement reached in Council on enhancing the EBCG's mandate in the area of return and cooperation with third countries, the European Council also called for 'further efforts to conclude negotiations on the Return Directive and on all parts of the Common European Asylum System (CEAS)'. The President of the European Commission, Jean-Claude Juncker, expressed his dissatisfaction with the outcome of the discussion, as the European Council did not come to a political agreement on the five (of seven) legislative proposals on the reform of the Common European Asylum System already close to agreement in Council.

Main messages of the EP President: President Tajani stated that the Parliament is only prepared to adopt the five proposals from the package on reform of the CEAS if the Council approves a negotiating mandate for the remaining two. Furthermore, the Parliament is very disappointed by the negotiating mandate adopted by Council on the EBCG, as it 'lacks ambition' and only addresses some of the elements proposed by the Commission.

Other items

External relations

The Heads of State or Government discussed the preparation of the summit with the League of Arab States, to be held in Egypt in February 2019. The President of Romania, Klaus Iohannis, expressed the incoming Romanian Presidency's commitment to a results-oriented summit. The agenda could include trade, investment, countering illegal migration and the fight against terrorism.

The European Council expressed its concern over the situation in the Azov Sea and requested the release of all detained Ukrainian seamen, the return of the seized vessels and free passage of all ships through the Kerch Strait. It reaffirmed its support to the territorial integrity of Ukraine, and reconfirmed the EU's policy of non-recognition of the illegal annexation of Crimea. The President of France, Emmanuel Macron, and the Chancellor of Germany, Angela Merkel, informed their colleagues about the lack of progress in implementing the Minsk Agreements. President Tusk announced agreement on renewing the sanctions on Russia following its illegal annexation of Crimea.

The EU leaders also discussed, without adopting conclusions, the situation in the Western Balkans.

Main messages from the EP President: President Tajani recalled that the European Parliament's 2018 Sakharov Prize was awarded to Oleg Sentsov, a Ukrainian filmmaker and opponent of the illegal annexation of Crimea, detained by Russia since 2014. The Parliament had adopted several resolutions condemning the illegal detention of Ukrainian citizens by Russia, whilst the European Council had deplored this situation in March 2016.

Climate change

The European Council considered the outcome of the UN Climate Change Conference (COP24) held in Katowice, Poland, in December 2018, and referred to the November 2018 'strategic vision of the European Commission for achieving a climate-neutral economy by 2050'.

Security and defence

The European Council took stock of progress made since June 2018 on security and defence cooperation, notably on Permanent Structured Cooperation (PESCO), the European Defence Industrial Development Programme (EDIDP), the European Defence Fund, and EU-NATO cooperation. It also endorsed the Civilian CSDP Compact adopted by the Council in November 2018 with the aim of strengthening and streamlining civilian crisis management.

Disinformation

The European Council discussed disinformation for the third time in 2018. It considered it as a form of hybrid warfare, stressing its challenge to democracy and free elections in Europe. President Tusk spoke of a 'deliberate, large-scale and systemic' threat which EU leaders are 'determined to counter'. The latter called for the implementation of the Joint Action Plan on disinformation presented on 5 December 2018, following a request from the European Council.

Fight against racism and xenophobia

The European Council condemned all forms of antisemitism, racism and xenophobia. Chancellor Kurz expressed his satisfaction that the Heads of State or Government all welcomed the adoption on 6 December 2018 of the Council declaration on the fight against antisemitism

Citizens' Dialogues and Citizens' Consultations, and preparations for the Strategic Agenda

The European Council welcomed the Citizens' Dialogues and Citizens' Consultations as 'an unprecedented opportunity to engage with European citizens; these could serve as an inspiration for further consultations and dialogues'. Moreover, EU leaders indicated that they will discuss the priorities for the next institutional cycle (2019-2024) at their informal meeting in Sibiu on 9 May 2019, with a view to agreeing on the next Strategic Agenda in June 2019.

3. Euro Summit

EU leaders endorsed the agreement on reform of economic and monetary union (EMU) reached at the Eurogroup meeting of 3 December: (i) the European Stability Mechanism (ESM) will provide a backstop to the Single Resolution Fund (SRF), if sufficient progress in risk reduction is made by 2020; (ii) the ESM will be able, under strict conditionality, to provide precautionary loans to Member States and be more closely involved in the surveillance of countries' finances. The Euro Summit asked the Eurogroup to come up with necessary amendments to the ESM Treaty by June 2019.

Building on the Eurogroup compromise, EU leaders gave finance ministers a mandate to work on the design of a euro-area budget, which would focus on convergence and competitiveness. The size of the new budgetary instrument will be decided in the context of the MFF. However, they did not mention a crucial missing piece in the Banking Union framework: the European deposit insurance scheme (EDIS). They also declined to envisage the euro-area budget having a stabilisation function.

4. Special European Council (Article 50) meeting

Contrary to original plans, EU-27 Heads of State or Government also met in the European Council (Article 50) format on 13 December. Donald Tusk called the meeting following the postponement of the vote on the withdrawal agreement in the UK House of Commons, initially planned for 11 December. The British Prime Minister, Theresa May, wanted to discuss with EU leaders 'the clear concerns that the House has expressed'. Prior to the meeting, President Tusk indicated that EU leaders would 'not renegotiate the deal, including the backstop, but are ready to discuss how to facilitate UK ratification'.

After listening to Mrs May's assessment of the ratification process, EU-27 Heads of State or Government adopted conclusions which state clearly that the Withdrawal Agreement 'is not open for renegotiation'. However, they provided an assurance that the backstop was purely intended to be 'an insurance policy to prevent a hard border on the island of Ireland and ensure the integrity of the Single Market'. The EU-27 stressed that the aim was to work speedily on a subsequent agreement that would, by 31 December 2020, establish alternative arrangements, so that the backstop would not need to be triggered. It is also specified that 'if the backstop were nevertheless to be triggered, it would apply temporarily, unless and until it is superseded by a subsequent agreement that ensures that a hard border is avoided'. The European Council also called for work on preparedness at all levels for the consequences of the UK's withdrawal to be intensified, taking into account all possible outcomes. Following the announcement of President Juncker, the Commission published a further series of legislative proposals to cope with a 'no-deal' scenario on 19 December.

Main messages of the EP President: The backstop is the guarantee that there will not be a hard border on the island of Ireland. For the Parliament, this is not negotiable. While the Parliament is prepared to clarify the terms of future relations, the withdrawal agreement could not be reopened.

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