

Outlook for the meetings of EU leaders, 21-22 March 2019

On 21 and 22 March 2019, the European Council was due to focus primarily on economic, single market and climate change issues, as well as on external relations and disinformation. Due to the second negative vote in the House of Commons on the withdrawal agreement, on 12 March, Brexit is now expected to dominate the agenda of EU Heads of State or Government again. An extra meeting of the European Council (Article 50) has been added to the programme, to discuss possible next steps in the process, including possibly deciding on an extension of the negotiation period.

Regarding jobs, growth and competitiveness, the European Council is expected to discuss the future development of the single market, the capital markets union, industrial policy and European digital policy, in preparation for the next strategic agenda. In the external relations field, the focus will be on the forthcoming EU-China summit.

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

The [Leaders' Agenda](#) identified economic issues and trade as topics for the March 2019 European Council meeting. This is more or less reflected in the annotated draft [agenda](#), which puts emphasis on jobs, growth and competitiveness. However, the issue of economic and monetary union (EMU), which was due to be discussed in a Leaders' Agenda session at this European Council meeting, will most likely not be addressed. Moreover, this will be only the [second](#) formal meeting of EU Heads of State or Government since April 2015 at which migration is not on the agenda.

At the start of the meeting, following the address of the President of the European Parliament, Antonio Tajani, the President of Romania, Klaus Iohannis, whose country currently holds the presidency of the Council of Ministers, will provide an overview on the progress made in implementing previous European Council conclusions. In terms of previous European Council commitments, the most relevant for this meeting are the call for an in-depth discussion on the future development of the single market, and for the provision of guidance on the overall direction and political priorities on climate change.

Policy area	Previous commitment	Occasion on which commitment was made
Single market	Hold an in-depth discussion on the future development of the Single Market and European digital policy in preparation for the next Strategic Agenda	December 2018
Disinformation	Continue work on this issue and report back to the European Council	December 2018
Climate change	Provide guidance on the overall direction and political priorities	December 2018

2. European Council meeting

Strengthening the economic base of the EU

At the March 2019 meeting, the Heads of State or Government will discuss the future development of the single market in all its dimensions. Building on [the Commission's communication on the internal market in a changing world](#), requested by the European Council to gauge progress on single market strategies, EU leaders will prepare the ground for the next strategic agenda for the single market, the European digital policy, capital markets union and industrial policy. A year ago, in its [March 2018 conclusions](#), the European Council called 'for increased efforts to deliver' on the various single market strategies, and set yet another deadline for their completion by the end of the current legislative cycle. As underlined in the above-mentioned Commission communication, with only one third of the 67 legislative proposals already adopted as of November 2018, there is a need for renewed political commitment to the project.

Industrial policy is likely to be centre stage in the debate on competitiveness. In a [Manifesto for a European industrial policy fit for the 21st Century](#), France and Germany called for a radical overhaul of the EU's competition policy, to allow for the creation of European industrial champions. This initiative from February 2019 was triggered by the European Commission's decision to [block the merger](#) of rail businesses owned by Germany's Siemens and France's Alstom. It also highlights the need for investment in new technologies (through [InvestEU](#), the [European Innovation Council](#) and [IPCEI](#)) and the development of artificial intelligence (AI) in Europe.

Another contribution to the debate was provided in a February [letter](#) of 17 Heads of State or Government, from predominantly smaller Member States, to the President of the European Council, Donald Tusk, as an input to the European Council's next strategic agenda. It calls for an 'offensive industrial policy to innovate and remain globally competitive in key technologies and strategic value chains'. Although, France and Germany stand out as not being among the signatories, both the manifesto and the letter focus on the challenges of digitalisation, artificial intelligence, where the EU needs to lead by unleashing the data economy, and the importance of integrated capital markets to finance investment and innovation.

The 17 also [call for](#) proper implementation and enforcement of the Services Directive. Professional qualifications should be guaranteed and Member States should commit to improving their performance in reducing service restrictiveness. As a contribution to the debate on services, Ireland, Finland, Denmark and the Czech Republic commissioned a report, '[Making EU trade in services work for all](#)', published last November, which argues for more ambitious measures to remove obstacles to the cross-border provision of services in the EU. The report calls for full implementation and enforcement of the services directive which could, on a conservative estimate, add at least two per cent to the EU's GDP.

The European Council is also expected to endorse [the Council recommendation on the economic policy of the euro area](#), which is part of the [2019 European Semester exercise](#).

Climate change

The European Council is expected to give guidance and set the EU's overall political priorities on climate policy. Climate change has regularly been on the agenda of the European Council in recent years, with EU leaders repeatedly reaffirming the EU's commitment to the full implementation of the Paris Agreement. In response to a request formulated by the European Council in December 2018, and based on the European Commission communication, 'A Clean Planet for all', as well as a Presidency background note, the Council held 'a policy debate on the EU's long-term strategic vision for a prosperous, modern, competitive and climate neutral economy'. The Romanian Presidency

undertook to inform the President of the European Council of the outcome of the policy debate held in the Council.

External relations

EU-China summit

The European Council will discuss the preparation of the forthcoming EU-China Summit, to be held in Brussels on 9 April 2019. The summit, which takes place annually, might address a wide range of issues of mutual interest, including security, trade, climate change, research and cultural cooperation, as part of the comprehensive strategic partnership defined by the EU-China 2020 Strategic Agenda for Cooperation. Ahead of the European Council meeting of 21-22 March, on 12 March 2019, the European Commission and the High Representative published a joint communication entitled 'EU-China – A strategic outlook'. They call for 'full unity' of the EU and its Member States in their relations with China, and invite EU leaders to endorse a set of ten actions. Some of the actions have a broad scope, which would require strategic reflection on the rules and functioning of the internal market. This is notably the case for rules applicable to EU industrial policy, where several Member States have recently put forward a set of proposals (see above). China was previously on the agenda of the European Council in March 2017, as part of a broader debate on trade. EU leaders then stressed that trade relations 'should be strengthened on the basis of a shared understanding of reciprocal and mutual benefits'.

Other items

Fighting disinformation

Disinformation has been a [regular item](#) on the European Council agenda over the past year. In response to a [request](#) made by the European Council in June 2018, the European Commission and the High Representative presented an '[action plan against disinformation](#)' in December 2018. EU leaders then [mandated](#) the European Commission to start implementing the action plan and to continue work on countering disinformation, in particular through 'decisive action at both European and national levels on securing free and fair European and national elections'. The Heads of State or Government [are expected](#) to take stock of progress made in the meantime, ahead of the European elections in May 2019.

25th anniversary of the European Economic Area (EEA)

EU Heads of State or Government will also hold an exchange of views with the prime ministers of Iceland, Liechtenstein and Norway, to mark the 25th anniversary of the EEA.

3. European Council (Article 50) meeting

On 21 March 2019, EU-27 leaders will also [meet](#) in a European Council (Article 50) format to discuss the latest developments in the process following the United Kingdom's notification of its withdrawal under Article 50 TEU.

On 11 March 2019, in Strasbourg, UK Prime Minister, Theresa May, and the President of the European Commission, Jean-Claude Juncker, agreed on an [instrument](#) relating to the draft withdrawal agreement and on a [joint statement](#) supplementing the political declaration. President Juncker [stressed](#) that the instrument 'provides meaningful clarifications and legal guarantees on the nature of the backstop', thereby complementing the withdrawal agreement without reopening it.

On 12 March 2019, the [withdrawal agreement](#), including the additional instrument, was [defeated](#) by 391 votes to 242 in the House of Commons. Following this second rejection of the negotiated withdrawal agreement, on 13 March, Members of the UK Parliament also voted to [rule out](#) a no-deal

scenario. On 14 March, MPs [voted](#) by 413 to 202 in favour of a requesting an extension of the Article 50 negotiation period from the EU.

Following these developments, the European Council (Article 50) is now expected to assess the next steps, and possibly decide upon the request for an extension of the Article 50 negotiation period, if so requested by the UK Prime Minister. The Treaty on European Union (TEU) [stipulates](#) that the European Council, in agreement with the Member State concerned, can decide unanimously to extend this period. President Tusk [indicated](#) that he would ‘appeal to the EU-27 to be open to a long extension if the UK finds it necessary to rethink its Brexit strategy and build consensus around it’.

Attending the European Parliament’s [plenary debate](#), in advance of this upcoming European Council meeting, the Romanian Secretary of State for European Affairs, Melania Gabriela Ciot, representing the Council Presidency, stated that the European Council will require ‘credible justification’ by the UK government for a technical extension of the Article 50 negotiations. Similar reactions came from other EU leaders, including the [Dutch Prime Minister](#), Mark Rutte, the European Commission President, Jean-Claude Juncker and the [President of the European Council](#), Donald Tusk. The European Commission’s chief negotiator, Michel Barnier, [reiterated](#) that, if the UK wants to leave the EU in an orderly fashion, the negotiated withdrawal agreement is the only possible way. He also stressed that ‘the responsibility for the Brexit decision belongs solely to the United Kingdom, and today the responsibility to find a way out of the impasse that the negotiations are in, lies fair and square with the United Kingdom’.

During the [plenary debate](#), some MEPs expressed their regret that yet another European Council meeting would be dominated by the Brexit debate, and that, as a result, other more pressing issues for the EU would not receive the necessary attention. MEPs also stressed that a prerequisite for a prolongation was for the UK Government to specify concretely what it intends to use the time for.

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