

July 2016

Outcome of the European Council of 28 June 2016 and the informal meeting of 27 Heads of State or Government on 29 June 2016

The 28 June 2016 European Council was described by its President, Donald Tusk, as ‘very much a [British European Council](#)’. The result of the UK referendum held on 23 June 2016 – in which 51.9% of the 71.8% of the electorate who voted opted for the United Kingdom to leave the European Union – dominated the agenda. The meeting was thus split into two sessions. On 28 June, EU leaders from all 28 Member States discussed migration, jobs, growth and competitiveness and external relations, before hearing an account from the UK Prime Minister, David Cameron, on the situation in the United Kingdom after the outcome of the referendum, followed by a first exchange of views. The next day, on 29 June, the Heads of State or Government of 27 Member States, meeting without Mr Cameron, discussed the political and practical implications of the UK vote, as well as the future of the European Union with 27 Member States.

1. Outcome of the UK referendum on EU membership

As announced by Donald Tusk in his [invitation letter](#), Heads of State or Government devoted most of their 28 June 2016 meeting to a discussion on the political consequences of the UK referendum after the British Prime Minister, David Cameron, informed them about its outcome. Prior to the European Council meeting, Mr Cameron had already [stated](#) that ‘the British government will not be triggering Article 50 at this stage’, and that in his view the ‘new negotiation to leave the EU will begin under a new Prime Minister’. Following the meeting on 28 June 2016, Mr Tusk [indicated](#) that Heads of State or Government want an orderly exit process. While EU leaders expressed their understanding for the UK’s need for some time, they also expect the UK government to specify its intentions as soon as possible. Prior to the European Council, the same message had been given by the Presidents of the European Council, the European Parliament and the Commission, together with the Prime Minister of the Netherlands, which held the rotating presidency of the Council until the end of June 2016.

Earlier that same day the European Parliament held an [extraordinary part-session](#). The European Commission President, Jean-Claude Juncker, was accompanied by the entire College of Commissioners. The President, Martin Schulz, and the leaders of several political groups, voiced regret at the result of the UK referendum, whilst stressing that the will of the people needs to be respected. Parliament [adopted](#) a resolution in which it called for ‘the immediate activation of Article 50 of the Treaty on European Union (TEU)’, the Treaty article setting out the procedure for a Member State leaving the European Union (see below). Parliament also recalled that any new relationship between the UK and the EU may not be agreed upon before the conclusion of a [withdrawal agreement](#), and invited the Council to ‘appoint the Commission as negotiator on Article 50 TEU’. Speaking at the European Council, Mr Schulz [recalled](#) that the European Parliament has the right of consent in the [withdrawal procedure](#), as well as for any agreement establishing the future relationship between the UK and the EU, and that it should therefore be fully involved at all stages of the procedure.

Article 50

1. Any Member State may decide to withdraw from the Union in accordance with its own constitutional requirements.
2. A Member State which decides to withdraw shall notify the European Council of its intention. In the light of the guidelines provided by the European Council, the Union shall negotiate and conclude an agreement with that State, setting out the arrangements for its withdrawal, taking account of the framework for its future relationship with the Union. That agreement shall be negotiated in accordance with Article 218(3) of the Treaty on the Functioning of the European Union. It shall be concluded on behalf of the Union by the Council, acting by a qualified majority, after obtaining the consent of the European Parliament.
3. The Treaties shall cease to apply to the State in question from the date of entry into force of the withdrawal agreement or, failing that, two years after the notification referred to in paragraph 2, unless the European Council, in agreement with the Member State concerned, unanimously decides to extend this period.
4. For the purposes of paragraphs 2 and 3, the member of the European Council or of the Council representing the withdrawing Member State shall not participate in the discussions of the European Council or Council or in decisions concerning it.
A qualified majority shall be defined in accordance with Article 238(3)(b) of the Treaty on the Functioning of the European Union.
5. If a State which has withdrawn from the Union asks to rejoin, its request shall be subject to the procedure referred to in Article 49.

2. Migration

As previously noted in EPRS's [pre-European Council Briefing](#), the Heads of State or Government of the EU-28 [concluded](#) that 'further to the decision to fully apply the Schengen Borders Code and the implementation of the EU-Turkey statement of 18 March 2016, crossings from Turkey to the Greek islands have sharply decreased and have now almost come to a halt.' In their view, 'considerable progress has been made by both sides to implement the full range of action points contained in the EU-Turkey statement and the European Council looks forward to further determined action'. EU leaders called for accelerated action to implement the existing relocation and resettlement schemes.

Heads of State or Government also stressed that the flows of predominantly economic migrants in the Central Mediterranean need to be reduced. An effective Partnership Framework of cooperation with individual countries of origin and transit is required, based on the European Commission's [communication](#), and contributing to the implementation of the [Valletta Action Plan](#). High Representative/Vice-President of the Commission (HR/VP), Federica Mogherini, will lead the implementation of this new approach, with the aim of concluding the first 'compacts' before the end of the year. The Council and Commission will monitor the process and report to the European Council.

EU leaders agreed to mobilise all relevant instruments and sources of funding in support of the Partnership Framework of cooperation with countries of origin and transit. In this context, European Investment Bank (EIB) President Werner Hoyer, who also attended part of the meeting, informed the European Council on the [EIB's initiative for the Southern Neighbourhood and the Western Balkans](#). The Heads of State or Government invited the Commission to present a proposal for an ambitious External Investment Plan by September 2016, which should then be examined as a matter of priority by the co-legislators. They also recalled that migration is a global challenge and welcomed the political agreement by the European Parliament and the Council on the establishment of a European Border and Coast Guard, and called for its swift implementation.

3. European Semester / Jobs, growth and competitiveness

The EU leaders called for [swift and determined](#) action to ensure implementation of the different ongoing strategies and action plans to deliver a deeper and fairer **Single Market** by 2018. They adopted an agenda of

specific actions, with an emphasis on the [Single Market Strategy](#), the [Digital Single Market Strategy](#) and the [Capital Markets Action Plan](#). The European Council also reiterated the importance of the Better Regulation Agenda as well as implementation and enforcement of existing legislation, and tasked the Council to report annually on progress achieved.

As expected, the European Council took stock of progress made and gave further guidance on several policy areas related to investment, Economic and Monetary Union (EMU) and taxation. The EU leaders welcomed progress accomplished in the context of the **Investment Plan for Europe**, and in particular, the [encouraging first results](#) of the **European Fund for Strategic Investments (EFSI)**. They called for the co-legislators to rapidly examine the Commission proposal planned for autumn 2016 on the future development of EFSI. As regards further completion of **EMU**, outlined in the [Five Presidents' Report](#), the European Council called for continued action, mentioning in particular the '[roadmap to complete the Banking Union](#)'. The recent recommendation on the establishment of National Productivity Boards within the euro area was endorsed. Regarding taxation, the conclusions underline the importance of the ongoing **fight against tax fraud, tax evasion and money laundering**, highlighting the recently adopted directives on [exchange of information on tax rulings](#) and [country-by-country reporting](#), the agreement on the [anti-tax-avoidance directive](#) and the Commission's [VAT action plan](#).

In line with its [March 2016](#) conclusions, the European Council assessed the latest developments in the field of **agriculture** and urged the Commission to implement the necessary measures to support farmers in the current crisis, namely in the dairy and pig meat sectors.

The European Council also endorsed the [country-specific recommendations](#) in accordance with the 2016 **European Semester** cycle.

The President of the European Central Bank, Mario Draghi, [informed EU Leaders](#) that Britain's decision to leave the EU could reduce euro-area growth rates by a cumulative 0.3 to 0.5 percentage points over the next three years.

Commission President Jean Claude Juncker provided an update on ongoing **trade negotiations**. Recalling its previous conclusions on trade and on the steel sector, the European Council said it will return to the issue at its October 2016 meeting, and called for the swift completion of the work on trade defence instruments.

4. External relations

Heads of State or Government also held an [exchange of views](#) on EU-NATO relations in the presence of NATO Secretary-General, Jens Stoltenberg, calling for further cooperation, inter alia, on maritime security and countering hybrid warfare. They [welcomed](#) the [Global Strategy](#) for the European Union's Foreign and Security Policy and invited the HR/VP, Federica Mogherini, the European Commission and the Council to 'take the work forward', but without indicating a clear roadmap for further action.

The European Council [reiterated](#) its support and willingness to cooperate with the Government of National Accord (GNA) in Libya, principally, but not exclusively, on capacity-building, countering terrorism and migration. With respect to the latter two items, the European Council welcomed the [extension](#) and the [expansion of the mandate](#) of Operation EUNAVFOR MED Sophia to include coastguard training and the enforcement of the [UN arms embargo](#).

The Dutch Prime Minister, Mark Rutte, informed the European Council of the [concerns](#) expressed in the debate preceding the referendum by which the Dutch, in April 2016, rejected the [Association Agreement \(AA\) with Ukraine](#) (inter alia linked to the [enlargement process](#)) and called for a 'legally binding solution' to address the concerns of Dutch voters with the AA. EU leaders invited the Council to seek 'a solution' as soon as possible. The Netherlands is the only Member State not to have ratified the AA with Ukraine, which has in part been [provisionally applied](#) since 2014.

5. Informal meeting of 27 Heads of State or Government and the Presidents of the European Council and the European Commission

The aim of the informal meeting of the leaders of the 27 Member States and the Presidents of the European Council and European Commission on 29 June was to discuss the political and practical implications of the UK vote to leave the EU, as well as the future of the European Union with 27 Member States. In a [joint statement](#) they acknowledged the result of the UK referendum and expressed their determination to remain united, working in the EU framework to deal with the challenges of the 21st century. They stressed that 'no negotiations of any kind' will take place with the UK prior to an official request ('notification') by the UK government to trigger Article 50 TEU. Only then will the European Council (without the United Kingdom) adopt guidelines for the negotiations of an agreement with the UK. The European Parliament and European Commission 'will play their full role in accordance with the Treaties', the statement says.

The 27 leaders expressed their hope that the UK will in the future be a close partner of the EU, but stressed that any agreement with the UK as a third country will have to be based on a balance of rights and obligations. 'There will be no access to the single market à la carte', [said](#) both Tusk and Juncker, meaning that all four freedoms (persons, goods, capital and services) will have to be respected.

Acknowledging the dissatisfaction of many people with the current state of affairs, the 27 leaders decided to start 'a political reflection to give an impulse to further reforms in line with the EU's Strategic Agenda, and to the development of the EU with 27 Member States'. They will meet [informally](#) on 16 September 2016 in Bratislava (with Slovakia holding the Council Presidency in the second half of 2016). The European Parliament already [argued](#) that there is a need to reform the Union, making it better and more democratic. While some Member States may choose to integrate more slowly or to a lesser extent, the core of the EU must be reinforced and à la carte solutions should be avoided. Martin Schulz had [told](#) Heads of State or Government the previous day to avoid another à la carte menu of opt-ins and opt-outs and to reinforce the core of the EU so as to allow for closer integration to address current challenges. To achieve this, the European Parliament calls for a roadmap for a better Union based on exploiting the Lisbon Treaty, to be completed by a revision of the Treaties. Heads of State or Government currently see [no need](#) for Treaty changes.

In a [joint contribution](#), the foreign ministers of Germany and France stressed that their two countries share a common destiny and a common set of values that provide the foundation for an ever closer union between their peoples. They announced that they 'will move further towards political union in Europe and invite the other Europeans to join them in this endeavour'.

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