

April 2018

Outcome of the EU leaders' meetings on 22 and 23 March 2018

On 22 and 23 March 2018, the EU Heads of State or Government convened in four different formations with varying compositions and levels of formality: a regular meeting of the European Council, a Leaders' Meeting on taxation, a Euro Summit and a European Council (Article 50) meeting. While economic and competitiveness issues featured, as is traditional, on the agenda of this spring European Council, the discussions focused largely on trade, the Salisbury attack, Turkey and Brexit. The informal leaders' meeting on tax considered ways of adapting European taxation systems to the digital economy and of strengthening the fight against tax evasion and avoidance. At the European Council (Article 50) meeting, the EU-27 Heads of State or Government considered the framework and adopted guidelines for post-Brexit relations with the UK. They also welcomed the agreement reached by the negotiators on parts of the legal text of the Withdrawal Agreement, including the transition period. While there were no formal conclusions at the Euro Summit meeting, participants discussed the long-term development of Economic and Monetary Union and agreed to take relevant decisions in June 2018.

1. Implementation of European Council commitments

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

Policy area	Action	Actor	Schedule
Single market	Present the state of play on the implementation, application and enforcement of key legislation for the functioning of the single market and an assessment of remaining barriers to, and opportunities for, its full functioning.	Commission	Before the Leaders' Agenda discussion in December 2018
Security and defence	Report on progress regarding the EU's capabilities to address hybrid threats, including in the areas of cyber, strategic communication and counter-intelligence.	High Representative	By the June 2018 European Council.

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, notably regarding the ongoing work on the reform of the Common European Asylum System. While the question did not formally feature on the European Council's agenda, the President of the European Parliament (EP), Antonio Tajani, addressed the migration issue at the start of his [speech](#) at the opening of the European Council meeting, emphasising the need to 'come up with an EU strategy'.

2. European Council meeting

Jobs, growth and competitiveness

The European Council called for enhanced efforts to deliver on the single market strategies in all areas (digital single market, capital markets union and energy union) within the current legislative cycle. In addition to the importance of swift examination of [recent Commission proposals](#) in these areas, it put strong emphasis on the effective implementation of adopted decisions. EU leaders also stressed the need to provide a long-term vision for a fair and resilient single market, fit for the digital age, which should be accompanied by a strong industrial policy. Digital Europe and related issues, such as the protection of privacy and personal data, will be raised again in Sofia in May.



Main messages of the EP President

On the digital single market, President Tajani stressed the need for a responsible and transparent environment for operating platforms, with the same rules applying to web giants and other businesses alike. He informed EU leaders that he had invited Facebook's founder, Mark Zuckerberg, to come to the Parliament in order to provide clarification on the Cambridge Analytica case.

European Semester

The European Council endorsed the policy priority areas of the [2018 Annual Growth Survey](#). It invited Member States to include them in their forthcoming national reform programmes and stability or convergence programmes. The European Council also endorsed the draft Council [recommendation](#) on the economic policy of the euro area.

Social issues

EU leaders underlined that the implementation of the [European Pillar of Social Rights](#), signed on 17 November 2017, will be monitored with due regard to the respective competences of the Union and the Member States. They invited the Council to examine the initiatives presented by the Commission on 13 March 2018 under the [social fairness package](#), including the proposal on a [European Labour Authority](#) (ELA).

Trade

Due to the recent announcement by the US President, Donald Trump, concerning the introduction of new tariffs on imported steel and aluminium, trade featured more prominently than usual on the agenda. However, the European Council's trade discussion had to be [postponed](#), pending clarification as to whether or not the EU would be subject to the new tariffs. Despite obtaining a temporary [exemption](#) until the end of April 2018, EU leaders expressed their regret at the United States' recent decision and underlined that the measures could not be justified on the grounds of national security under [Section 232](#) of the 1962 Trade Expansion Act. Furthermore, the European Council called for the exemption to be made permanent, and supported the measures proposed by the Commission in response to the US tariffs. These measures include: a) a complaint to the World Trade Organization; b) [safeguard measures](#) to protect the EU from a surge in aluminium and steel imports; and c) tariffs on [specific US products](#) to compensate for any economic loss suffered by the EU. Obtaining a permanent exemption is [conditional](#) upon several factors, including [discussions](#) on reducing global production of steel and aluminium. European Commissioner for Trade, Cecilia Malmström, and US Commerce Secretary, Wilbur Ross, have agreed to launch a structured dialogue on issues of common concern.

Main messages of the EP President

Referring to the Parliament's recent debate on the issue, President Tajani [stated](#) that the real problem remained Chinese overcapacity and that the US and the EU should be addressing this problem together.

Heads of State or Government also discussed progress on ongoing free trade negotiations, in particular with Mexico and Mercosur. They focused on the conclusion and signature of free trade agreements with Japan and Singapore which [will be sent](#) to the Council and Parliament in April 2018. They invited the Commission to examine ways of strengthening the [enforcement of commitments](#) undertaken by third countries. In this regard, France had called for the creation of the office of a '[chief EU trade enforcer](#)' to defend the EU's trade interests. Finally, the European Council reiterated its calls on the co-legislators to make progress on the pending legislative proposals in the fields of investment and public procurement.

External relations

Salisbury attack

The Heads of State or Government strongly [condemned](#) the Salisbury attack and expressed their 'unqualified solidarity' in the face of the challenge to Europe's shared security. They considered that it was 'highly likely' that Russia was behind the attack in the absence of any 'plausible alternative explanation'. Whilst at the European level the Head of the EU Delegation in Russia was [recalled](#) for consultations, 19 Member States

have [decided](#) to expel Russian diplomats in sign of solidarity with the UK. EU leaders also rigorously condemned the use of chemical weapons and agreed on the need for the EU to strengthen its resilience to such weapons through closer cooperation, including with NATO. They are [expected](#) to return to this issue, as well as to the further development of EU capabilities 'to address hybrid threats, including in the areas of cyber, strategic communication and counter-intelligence', in June 2018.

Main messages of the EP President

Mr Tajani [expressed](#) 'solidarity with the British people in the wake of the appalling attack in Salisbury'.

Actions by Turkey in the Eastern Mediterranean and the Aegean Sea, and the EU-Turkey Summit

The European Council strongly condemned Turkey's 'continued illegal actions in the Eastern Mediterranean and the Aegean Sea' and expressed unqualified solidarity with Cyprus and Greece. It [referred](#) to its October 2014 conclusions, calling once again on Turkey to respect Cyprus's sovereignty and exclusive economic zone. They expressed 'grave concern' over the detention of EU citizens in Turkey, in particular of two [Greek soldiers](#), and called for 'swift and positive' resolution of these situations. The [EU-Turkey Summit](#) of 26 March 2018 was kept on the agenda, despite earlier [uncertainty](#). After the meeting, European Council President, Donald Tusk, stressed the importance of good bilateral relations in the accession process and reiterated the EU's 'serious concerns' over Turkey's actions in the Eastern Mediterranean and the Aegean Sea.

Western Balkans

The conclusions confirmed that enlargement will be on the Foreign Affairs Council agenda in June 2018. The [EU-Western Balkans Summit](#) scheduled for 17 May 2018 in Sofia will, most likely, reaffirm the European perspective of the region. It will focus on 'concrete and visible' initiatives aimed at improving connectivity within the region itself and with the EU in the area of transport, energy and digital infrastructure.

Main messages of the EP President

President Tajani [agreed](#) that the EU 'must offer the region a secure future in the European fold', which he also saw as being essential in order to 'manage migration, control borders and combat terrorism'.

Climate change

The European Council briefly [considered](#) the climate change question. With a view to the November 2019 United Nations Climate Change Conference (COP 25), it invited the European Commission 'to present by the first quarter of 2019 a long-term EU greenhouse gas emissions reductions strategy' in line with the [Paris Agreement](#) commitments. Climate and energy [originally](#) featured, alongside single market strategies and trade, among the top three topics the EU leaders were supposed to discuss in depth at this European Council meeting.

Appointment of the Vice-President of the European Central Bank

As flagged up in the EPRS [outlook](#), the European Council [appointed](#) the current Spanish Minister of the Economy, Luis de Guindos, as Vice-President of the European Central Bank (ECB). Luis de Guindos succeeds Vitor Constâncio (Portugal), whose term of office expires on 31 May 2018.

3. Leaders' meeting on taxation

The Heads of State or Government held a political debate on taxation in the digital economy, based on the [Leaders' Agenda note](#) and without written conclusions. The debate focused on ways of adapting European taxation systems to the growing digital economy, on increasing the fight against tax evasion and avoidance, and on means for maximising synergies at the EU and international levels. Despite different approaches on taxation, EU leaders showed commitment to work further on effective and fair solutions.

Main messages of the EP President

President Tajani stressed that, due notably to 'special agreements concluded with multinationals and web giants, EU Member States are being deprived of tax revenues' in excess of '€100 billion a year'. He mentioned

the [Parliament's legislative resolution](#) of 15 March 2018 calling for a web tax to be used to increase the size of the next EU budget without imposing an additional burden on net contributors.

4. Euro Summit

The 19 euro-area Member States leaders discussed the long-term development of the Economic and Monetary Union (EMU), based on a [Leaders' Agenda Note](#) and without written conclusions. Earlier, during the formal European Council, the President of the Eurogroup, Mário Centeno, had reported on discussions among ministers, notably on the completion of Banking Union and the development of the European Stability Mechanism (ESM), as priority matters for the EU-28. Following up on the [December 2017 Euro Summit](#), the leaders of the 19 euro-area Member States reiterated that the current economic expansion offered an opportunity to deepen the EMU as well as to enhance the EMU resilience to financial shocks and economic and social challenges. To that end, they assessed ambitious proposals, including the creation of a budgetary capacity for the euro area. The June 2018 Euro Summit is expected to adopt decisions accordingly.

5. European Council (Article 50) meeting

The European Council (Article 50) was briefed by the EU's chief negotiator, Michel Barnier, on the outcome of the ninth round of Brexit negotiations, and adopted [guidelines](#) on the framework for post-Brexit relations with the UK. In these guidelines, the EU-27 Heads of State or Government welcomed the agreement reached by the negotiators on parts of the [legal text](#) of the Withdrawal Agreement, including the issues of citizens' rights, the financial settlement and the transition period. The guidelines specify that the framework for the future relationship 'will be elaborated in a political declaration accompanying and referred to in the Withdrawal Agreement'. The EU-27 restated the EU's determination to have 'as close as possible a partnership with the UK in the future' and proposed to initiate work towards a free trade agreement (FTA). They stressed that 'the Union will be prepared to reconsider its current offer if the UK's position were to evolve'. The 27 leaders called for intensified efforts on the remaining withdrawal issues and reiterated the view that 'nothing is agreed until everything is agreed'.

The President of the European Commission, Jean-Claude Juncker, [stressed](#) the 'united front' of the 27 Member States on the Brexit issue and insisted that special attention had been given to the border issue between Northern Ireland and Ireland. President Tusk [underlined](#) that negotiators 'should use the positive momentum to settle outstanding issues such as the solution to avoid a hard border between Ireland and Northern Ireland'. Mr Tusk [announced](#) that the European Council (Article 50) will assess in June 2018 'if the Irish question has been resolved, and how to go about a common declaration on our future'.

Main messages of the EP President

Speaking at the beginning of the meeting, President Tajani congratulated Michel Barnier and his team on the excellent results achieved in the Brexit negotiations, which had secured 'the outcome [the EU] wanted'. On financial aspects, the United Kingdom will continue paying its contribution until the end of the current multiannual financial framework. Regarding citizens' rights, negotiators agreed on a guarantee of equal treatment for citizens already settled in the United Kingdom when that country leaves the Union and for those who arrive during the transitional phase. The President welcomed the British government's acknowledgement that the exit agreement (Article 50) must incorporate a back-stop (the *de facto* inclusion of Northern Ireland in the customs union) which would take effect if no other solution can be found. Mr Tajani stressed once again that 'the European Parliament will not give its consent to a withdrawal agreement that does not incorporate solutions to rule out hard borders between the two parts of the island'.

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