

Outcome of the meetings of EU leaders on 10 and 11 December 2020

On Thursday 10 and Friday 11 December 2020, the European Council agreed on clarifications to the rule-of-law conditionality mechanism, which paved the way for the adoption of the Multiannual Financial Framework and the Next Generation EU recovery fund. The language used by EU leaders in their conclusions satisfied all actors involved, and avoided triggering renegotiation of the compromise reached between the co-legislators on the proposed regulation on rule-of-law conditionality. EU leaders also achieved a significant breakthrough in combating climate change, by committing to a binding EU reduction in greenhouse gas emissions of at least 55% by 2030. Moreover, the European Council discussed the development, purchase and the EU-wide distribution of effective vaccines against Covid-19 and stressed the need to take forward proposals for a health union. EU leaders also agreed to step up the fight against radicalisation, terrorism and violent extremism. On external relations issues, they committed to develop a new agenda for the Mediterranean, agreed to expand restrictive measures in response to Turkey's illegal drilling activities in the eastern Mediterranean and requested that the European Commission explore ways of preventing energy imports from nuclear facilities in breach of EU safety standards in third countries.

EU leaders paid tribute to the late President of France, Valéry Giscard d'Estaing, who initiated the 1974 decision to [establish](#) the '[European Council](#)'. They also [appointed](#) Frank Elderson to the European Central Bank's executive board, replacing Yves Mersch, whose term in office expired on 14 December 2020. The Euro Summit welcomed the Eurogroup's agreement on the reform of the European Stability Mechanism (ESM), requested a work plan to complete the Banking Union, and called for rapid progress on the action plan on the Capital Markets Union.

1. European Council meeting

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

Policy area	Action	Actor	Schedule
Climate change	Put forward a legislative proposal for an EU green bond standard	Commission	June 2021
Climate change	Update EU's nationally determined contribution and submit to the UNFCCC	Member States	End of 2020
Eastern Mediterranean	Submit a report on the situation in the eastern Mediterranean and EU-Turkey political and economic relations for consideration	High Representative and the Commission European Council	March 2021 at the latest

Coronavirus pandemic

The European Council welcomed the coordination efforts at EU level, in particular on lifting restrictions on cross-border tourism. It invited the Commission to propose a common framework for rapid antigen tests and for the mutual recognition of test results. EU leaders supported a similar coordinated approach for vaccination certificates. Preparations for the timely deployment and

distribution of vaccines were highlighted as essential. EU leaders also stressed the importance of increasing resilience in the area of health by taking forward the [proposals on a Health Union](#), for which German Chancellor Angela Merkel [expressed support](#). EU leaders underlined that vaccination should be treated as a global public good and that the EU would contribute to the international response, including through the COVAX facility, to guarantee affordable and fair access to vaccines for all. A possible [international treaty on pandemics](#) within the World Health Organization framework should aim to reinforce international cooperation. The next [meeting](#) of EU leaders will be a special European Council on Health and on European security and defence, in February 2021.

Main message of the Parliament's President: President David Sassoli stressed that coordinated efforts were key to addressing the crisis, increasing health systems' resilience and improving pandemic preparedness.

Multiannual Financial Framework (MFF) / Next Generation EU (NGEU)

On 10 December, EU leaders agreed on an interpretative declaration, in the form of European Council [conclusions](#), detailing their common view regarding the rule-of-law conditionality mechanism. This allowed Poland and Hungary to lift their veto, thereby clearing the way for the adoption of the overall package of measures making up the 2021-27 MFF, including the NGEU. EU leaders had already agreed in principle on rule-of-law conditionality, as part of their [July 2020](#) political agreement on the 2021-27 MFF and NGEU, but the use of [vague language](#) at the time required them to return to this issue, and set out their views in greater detail to reach consensus.

The main innovation in the conclusions concerns a provision on the timing of the European Commission's implementation of the new rule-of-law mechanism. The adoption of the Commission's guidelines for the application of the regulation could be delayed, should an 'action for annulment be introduced with regard to the Regulation' before the Court of Justice of the European Union (CJEU). However, it is unusual that, prior to such a court case even being brought, the Commission would explicitly acknowledge that it would wait for the result before finalising its guidelines, causing confusion among [experts](#) and [practitioners](#) alike. The European Commission President, Ursula von der Leyen, [clarified](#) that, provided the overall package of measures linked to the 2021-27 MFF is adopted in the coming weeks, the rule-of-law mechanism would apply from 1 January 2021. While acknowledging that the finalisation of the guidelines would require some time, she stressed that the Commission will look, from day one, at potential cases of breaches of the rule of law and deal with them appropriately once the CJEU has delivered its ruling. The European Council therefore only introduced a possible delay in the application of the mechanism, rather than actually changing or deleting it.

While [claiming](#) 'victory' after this agreement, Hungarian Prime Minister Viktor Orbán said that this debate was not only about the MFF, but also about defining where the centre of power in the EU lies, arguing that 'the European Council conclusions are the strongest possible instrument in the European Union', even stronger than regulations. He maintains this view, although the CJEU had already [clarified](#) – in ruling on a previous action brought before it by Hungary and Slovakia concerning measures addressing the migration crisis – that European Council conclusions are not legally binding.¹

Main message of the Parliament's President: David Sassoli [called](#) on EU leaders 'to be consistent with the spirit and letter of the compromise reached' by the co-legislators. Initial reactions from Members [stressed](#) that the proposed regulation remained unchanged and that a political declaration from the European Council was [not legally binding](#), whereas the proposed rule of law regulation would be. Critical voices also [questioned](#) the legal basis on which the Commission could decide not to apply a law once it had entered into force.

Climate

On the eve of the fifth anniversary of the [Paris Agreement](#) on climate change, the European Council agreed to reduce greenhouse gas emissions by at least 55 % by 2030, as compared to 1990 levels. EU leaders invited the co-legislators – Council and European Parliament – to include this target in

the forthcoming European Climate Law. The Parliament has already adopted a more ambitious reduction target of [60%](#), which it will continue to support during the legislative process.

EU Member States should meet the 2030 target collectively and not individually, a confirmation of a [change in policy](#) initiated at the 15-16 October 2020 European Council. Solidarity, fairness and inclusiveness are at the centre of the agreement, as requested by several Member States, including Poland and Hungary, who asked for [reassurance](#) that 'key decisions will be taken by unanimity'. The agreement allows Member States to meet the goal of achieving carbon neutrality by 2050. The EU's capacity to act as a credible global player on fighting climate change is also strengthened. President Charles Michel [stressed](#) the EU's leadership position, whilst President von der Leyen [welcomed](#) a 'great way to celebrate the first anniversary of our EU green deal'. She also [underlined](#) that the agreement gives 'certainty to investors, to business, to public authorities and to citizens'.

The European Commission is expected to assess, across economic sectors, how the 2030 target can best be met and was encouraged to focus on the Emissions Trading System (ETS), thereby addressing 'distributional concerns and energy poverty'. In response to Member States' [concerns](#), the European Council agreed that forthcoming legislation will address imbalances deriving from contributions made to the [Modernisation Fund](#). EU leaders will consider this matter again, as well as the future [Effort-sharing Regulation](#), at a later date. Member States are expected to update their [nationally determined contributions](#) in accordance with the 2030 target and submit them to the United Nations Framework Convention on Climate Change (UNFCCC) secretariat by the end of 2020. EU efforts regarding the protection of biodiversity are also expected to be stepped up in view of the 2021 [Conference of the Parties to the Convention on Biological Diversity](#).

Main message of Parliament's President: Mr Sassoli stressed the EU's 'political and moral responsibility' to deliver on the Paris Agreement. The ambitious 2030 target 'to be set by the co-legislators' and the Green Deal as a 'new growth strategy' will allow climate neutrality to be achieved.

Internal security

As flagged up in the EPRS [outlook](#), EU leaders reiterated their condemnation of recent terrorist attacks, and pledged unity in the fight against radicalisation, terrorism and violent extremism. They welcomed the Commission's new EU [agenda on counter-terrorism](#) and the adoption of the Council [declaration](#) on fighting anti-Semitism. EU Heads of State or Government called for the fight against the dissemination of terrorist content online to be enhanced, in relation to which a [political agreement](#) has been found between co-legislators on the corresponding [proposal](#). To ensure the proper functioning of the Schengen area, agreed measures should be fully implemented, and police and judicial cooperation and coordination strengthened. EU leaders invited the co-legislators to swiftly move forward on the [proposal](#) on the strengthening of Europol's mandate.

Main message of the Parliament's President: For President Sassoli, a strengthened Schengen area, in which national police forces and judicial authorities cooperate in a frictionless manner, should be the cornerstone of the EU's joint security action to fight crime and terrorism.

External relations

EU-US relations

As [expected](#), EU leaders considered relations with the United States of America and expressed readiness 'to discuss shared priorities with the new President of the United States'. President Michel [spoke](#) of the US as a 'friend and an ally', and called for an ambitious transatlantic agenda.

EU-UK negotiations

While the issue was not discussed, President von der Leyen updated EU leaders on the negotiations on an EU-United Kingdom trade agreement, with positions remaining far apart, notably on level playing field provisions and on fisheries. The Commission has adopted [contingency measures](#) for a no-deal scenario, to ensure basic reciprocal fishing access in 2021, and air and road connectivity for six months. In a [joint statement](#) on 13 December 2020, the Commission's President and the UK's Prime Minister agreed to continue talks towards reaching an agreement.

Main message of the Parliament's President: David Sassoli underlined that democratic scrutiny of an agreement remains essential, and that the necessary time should be made available for the Parliament to carry out its democratic mandate, before deciding on giving its consent to any agreement.

Southern Neighbourhood

A quarter of a century after launching the Barcelona Process, the European Council reaffirmed the EU's commitment to stability and prosperity in its southern neighbourhood. It [called](#) for a new agenda for the Mediterranean, covering a wide range of issues.

Eastern Mediterranean

EU leaders noted that, 'regrettably', Turkey had continued its 'unilateral actions and provocations' in the eastern Mediterranean without demonstrating commitment to 'sustained de-escalation'. The European Council invited the Council to adopt 'additional listings', based on the 11 November 2019 [Council Decision](#) on restrictive measures in view of Turkey's unauthorised drilling activities, the extension of which is to be considered by March 2021; they also asked the High Representative to organise a multilateral conference on the eastern Mediterranean. Chancellor Merkel [stressed](#) that the EU hoped for 'more constructive' cooperation with Turkey but that, in light of developments, this was not possible for now. She [stressed](#) that there was a 'certain strategic dependence' between EU Member States which are also members of the North Atlantic Treaty Organization (NATO) on one hand, and Turkey on the other, underlining that a debate on armaments cooperation should be held within NATO.

Main message of the Parliament's President: President Sassoli reminded EU leaders that Parliament condemned Turkey's illegal actions in Varosha and that all tools available to the EU, including economic sanctions, must be used to send 'a credible signal' and to show solidarity with Cyprus.

2. Euro Summit

The Euro Summit on 11 December, with all 27 Member States participating, [welcomed](#) the Eurogroup's [agreement](#) on the reform of the European Stability Mechanism (ESM). Most significant is the early introduction of a common backstop to the Single Resolution Fund (SRF) in the form of a credit line from the ESM. EU leaders invited the Eurogroup to create a '[stepwise and time-bound](#)' work plan to complete the banking union and called for rapid progress on the [Commission's renewed action plan](#) for a Capital Markets Union. The next Euro Summit, in June 2021, will discuss the economic challenges ensuing from the Covid-19 pandemic.

ENDNOTE

¹ The European Council itself [stresses](#) on its website that conclusions 'are not legally binding. Only legal acts published in the Official Journal are binding'.

DISCLAIMER AND COPYRIGHT

This document is prepared for, and addressed to, the Members and staff of the European Parliament as background material to assist them in their parliamentary work. The content of the document is the sole responsibility of its author(s) and any opinions expressed herein should not be taken to represent an official position of the Parliament.

Reproduction and translation for non-commercial purposes are authorised, provided the source is acknowledged and the European Parliament is given prior notice and sent a copy.

© European Union, 2020.

eprs@ep.europa.eu (contact)

www.eprs.ep.parl.union.eu (intranet)

www.europarl.europa.eu/thinktank (internet)

<http://epthinktank.eu> (blog)

