

Outlook for the European Council meeting of 15 December 2022

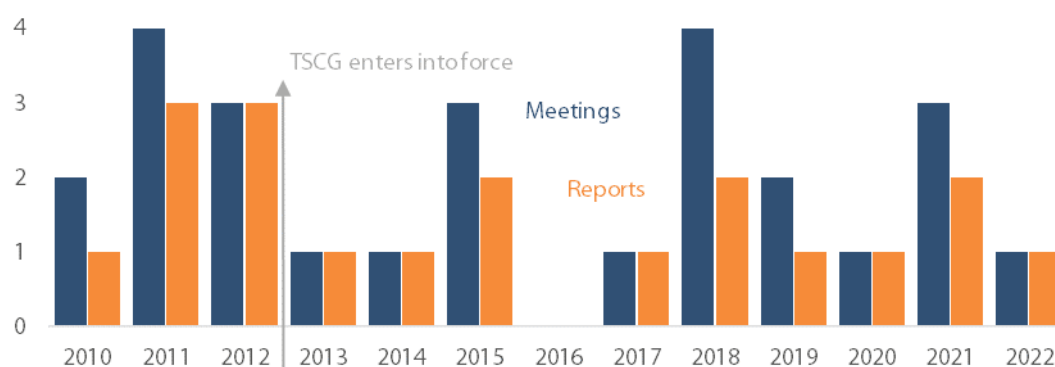
The last regular European Council meeting of 2022 is scheduled to take place on 15 December, and to deal with the main topics of this year: Russia's war of aggression against Ukraine, security and defence, energy and the economy. On Russia's war on Ukraine, EU leaders are likely to reiterate their commitment to political and military support to Ukraine. Energy and the economy are purposely due to be dealt with together, to contain the discussion and to avoid a debate on setting up additional EU funding mechanisms. Moreover, EU leaders are set to hold a strategic discussion on relations with the Southern Neighbourhood, and review the outcome of the recent Western Balkans Summit. Both points are likely to include numerous migration related aspects, as the numbers of illegal border crossings into the European Union have again been [rising](#) significantly in the second half of 2022. Additionally, EU leaders will address transatlantic relations in light of rising concerns regarding the new United States [Inflation Reduction Act](#) (IRA),

The anticipated possible addition of the rule of law conditionality mechanism to the official agenda seems to have been avoided at the last moment, with a [deal](#) struck between the Member States on 12 December. The government of Viktor Orbán agreed to unblock the various files it has been [blocking](#) in the Council, in particular the adoption of €18 billion in EU aid for Ukraine, in the context of changes agreed to the Commission's proposal to [freeze](#) the EU funds to Hungary.

1. European Council agenda

According to the [Leaders' Agenda 2022](#), the European Council meeting was scheduled to last two days (15-16 December), with a Euro Summit following on the second day. However, the European Council is, in the end, scheduled to last only one day and, for the second time in [2022](#), the Euro Summit meeting has been cancelled. [The Treaty on Stability, Coordination and Governance in the Economic and Monetary Union](#) (TSCG, or Fiscal Compact Treaty) stipulates that the Heads of State or Government of the euro area must meet informally at least twice a year, and requires the Euro Summit President to present a report to the European Parliament after each meeting. Neither of these requirements has however been fulfilled on a regular basis in recent years, as shown in Figure 1.

Figure 1 – Number of Euro Summit meetings and subsequent reports to Parliament



Source: EPRS.



As this meeting represents the last entry in the soon-to-expire Leaders' Agenda 2022, the European Council President, Charles Michel, may possibly present a new document covering European Council meetings and topics for (part of) 2023. The President of Romania, Klaus Iohannis, is very likely to bring up the issue of his country's accession to Schengen. On 8 December, the Justice and Home Affairs Council gave a negative decision on full Schengen membership for Romania and Bulgaria.

2. European Council meeting

Russia's war of aggression against Ukraine

EU leaders are set to discuss the situation in Ukraine for the eighth time since the outbreak of the war in February 2022. They will likely again express their support for Ukraine's sovereignty, independence and territorial integrity within the internationally recognised borders and condemn the war. The EU's political, humanitarian and military aid to Ukraine will again be at the centre of the debate. As unity remains key, EU leaders are likely to reiterate their commitment to political as well as military support to Ukraine. It has also become a tradition that the President of Ukraine, Volodymyr Zelenskyy, addresses EU leaders by videoconference when Ukraine is on the agenda.

Since the outbreak of the war, the EU has [provided](#) €523 million in humanitarian aid for Ukraine and neighbouring Moldova; an additional €443 million was provided as in-kind assistance through the EU Civil Protection Mechanism, enabling a response to the growing needs for access to basic services and utilities, medical needs and food supplies. According to the United Nations Refugee Agency (UNHCR), [4.8 million](#) refugees from Ukraine are now in the EU, whilst [6.5 million](#) people are believed to be internally displaced inside Ukraine. In addition to humanitarian aid, the EU has pledged [€9 billion](#) in macro-financial assistance to Ukraine in 2022. For 2023, however, the European Commission has proposed a more sustainable and predictable financial support solution entailing the disbursement of [€18 billion](#) in monthly tranches of €1.5 billion aimed at helping Ukraine 'maintain essential public services'. On 10 December, the Council agreed on a [structural solution](#) to provide this short-term relief, which has been submitted to the Parliament for a vote this week.

With respect to military support, the EU has pledged [€3.1 billion](#) in military assistance through its off-EU budget [European Peace Facility](#) (EPF), funded by Member States. The pledged amount exceeds half of the entire EPF envelope (€5.7 billion by 2027). On 12 December 2022, the Foreign Affairs Council agreed politically to increase the EPF envelope by €2 billion (2018 prices), confirming the possibility of 'a further increase at a later stage'; a decision EU leaders will most probably endorse during the European Council meeting.

Member States individually, and in [consultation](#) with allies in NATO and around the world, will also likely continue to offer bilateral military assistance to Ukraine in the form of funding and equipment. The most pressing issue remains to further reinforce Ukraine's air-defence capacities, which have recently been strengthened with [IRIS T, NASAMS and Aspide](#) air defence systems. Another, rapidly growing, challenge is [demining](#). This might prove a medium to long-term challenge, which will have an impact on return and reconstruction as well as on food security in Ukraine and elsewhere.

Food security has been a constant subject of concern on the European Council's agenda since the outbreak of the war. EU leaders are likely to revert to the topic and again highlight the importance of the [UN Black Sea Grain Initiative](#) and of the [EU solidarity lanes](#), which enable exports of agricultural products and fertilisers to countries most in need.

EU leaders have consistently condemned Russia's continuous attacks against Ukrainian civilians and infrastructure, including the multiplication of attacks on the country's energy infrastructure. Russia is using energy as a [weapon](#) against the most vulnerable; EU leaders are therefore likely to reaffirm the Union's determination to support Ukraine in its resilience-building efforts, including the rebuilding of damaged energy infrastructure. The EU has already pledged [€25.5 million](#) 'to cover the immediate needs of the energy sector'. The safety of the civilian nuclear facilities in Ukraine is a matter of continuous concern to the international community, and EU leaders are likely to [reiterate](#) their call on Russia to refrain from endangering their functioning.

EU leaders are scheduled to return to the discussion of accountability for war crimes as well as Ukraine's reconstruction, two topics they last addressed in [October 2022](#), when they invited the European Commission to present possible options for a way ahead. On [30 November 2022](#), the European Commission presented different [options](#) 'to make sure that Russia is held accountable for the atrocities and crimes committed during the war in Ukraine'.

As regards war crimes accountability, the proposals include the creation of 'a special independent international tribunal' or of a 'specialised court', each requiring United Nations support. Commission President [Ursula von der Leyen](#) stressed that 'Russia must pay for its horrific crimes, including for its crime of aggression against a sovereign state', and that the EU is working to secure the broadest international support for the creation of a 'specialised court'.

With respect to Ukraine's reconstruction, the proposals include the creation of a dedicated structure 'to manage the frozen (Russian) public funds, invest them and use the proceeds in favour of Ukraine'. As part of a peace settlement once the war has ended, such frozen Russian assets could be regarded as war reparations to Ukraine. In this context, she mentioned that material war damage is estimated at €600 billion, whilst the EU and its G7 partners have frozen €300 billion of Russian Central Bank assets, and EU Member States have also frozen €19 billion of assets belonging to Russian oligarchs. In a recent [resolution](#), the European Parliament recognised Russia to be 'a state sponsor of terrorism' and called for full accountability for war crimes committed in the context of Russia's war on Ukraine.

Eight new packages of [sanctions](#) have been put in place progressively since the start of the war, whilst an additional [package](#) targeting Russia's [drone sector](#) is under discussion. EU leaders might explore ways to further increase pressure on Russia, including by reaffirming the importance of implementing sanctions jointly with like-minded partners. They could also welcome the [recent agreement](#) on an [international oil price cap](#), set at US\$60 per barrel on Russian seaborne crude oil.

Energy and economy

As in [October 2022](#), energy is likely to be central to the debate. EU leaders will probably assess progress made in implementing their previous conclusions, which centred on: 1) energy demand reduction; 2) security of supply; and 3) lower prices. They could also start preparing for next year, focusing on joint purchasing, replenishing winter stocks, infrastructure building and support for renewables, as well as on the phasing-out Russian energy from the EU energy mix.

Security of supply as well as the European Commission's [proposal](#) for a regulation on a temporary gas market correction mechanism – 'to protect EU businesses and households from episodes of excessively high gas prices in the EU' – are scheduled for discussion at [ministerial level](#) prior to the European Council. If no agreement is reached in the Council, the correction mechanism could come to the heart of the debate. Reform of the electricity market is another sensitive item, regularly debated in the past year, for which the Commission will present an [impact assessment](#). A reformed electricity market would only serve a sovereign and climate neutral energy union.

The debate on the economy will likely once again be intertwined with that on energy, focusing on high energy prices. Considering the [forecast contraction](#) of the EU economy in the first half of 2023, EU leaders are likely to consider single market competitiveness, building economic resilience, particularly in the industrial domain, and enhanced coordination.

Security and defence

A year ago, the European Council President, [Charles Michel](#), declared that '2022 will be the year of European defence'. The outbreak of the war in Ukraine has placed security and defence at the centre of the EU's agenda, with the subject discussed by the European Council for the fourth time this year.

EU leaders are expected to reaffirm the Union's commitment to strengthen defence cooperation as well as its capacity to act autonomously. They are likely to take stock of progress made in implementing the [Versailles agenda](#) and the [Strategic Compass](#), a document setting out the vision for the Union, which the European Council [endorsed](#) in March 2022. EU leaders are likely to focus on

EU-NATO cooperation, a point which has featured most [frequently](#) in their conclusions when discussing defence. They could also consider progress made in bolstering the joint procurement of capabilities, cyber-defence, the implementation of [military mobility](#), the flagship PESCO project, and the further development of the EU's crisis management capacity.

Several defence files, aimed at bolstering joint procurement, are likely to attract EU leaders' attention. This is the case with the proposed [European defence industry reinforcement through common procurement act](#), which is currently being considered in committee in [Parliament](#), whilst the [Council](#) has recently agreed on its general approach on the proposal. It is also the case for the [European defence investment programme](#), which the European Commission is still to present following a request from the [European Council](#).

Southern Neighbourhood

EU leaders will discuss the Southern Neighbourhood, a topic last addressed in [December 2021](#), when they called to accelerate work on the [New Agenda for the Mediterranean](#). They could revert again to the subject in autumn 2023, as the forthcoming [Spanish Presidency of the Council of the EU](#) has indicated that the Southern Neighbourhood will be one of its presidency pillars.

External relations

Transatlantic relations

The European Council may hold a strategic discussion on EU-US relations at a time when transatlantic unity is key. EU leaders could review the outcome of bilateral high-level contacts, such as the visit to the US by the President of France, Emmanuel Macron. They could also take stock of the outcome of the recent [EU-US Trade and Technology Council](#), whilst considering the bilateral trade relationship amid rising [concerns](#) regarding the [US Inflation Reduction Act](#).

Western Balkans

EU leaders are expected to address the Western Balkans and endorse the 13 December [General Affairs Council](#) conclusions on [enlargement](#), notably the recommendation to grant Bosnia and Herzegovina candidate country status as proposed by the Commission. They could also consider the outcome of the recent [EU-Western Balkans Summit](#) in Tirana, which focused on the consequences of Russia's war on Ukraine, on building resilience to foreign interference and on tackling terrorism, organised crime and migration, a phenomenon on the rise on the [Western Balkans route](#) in 2022. The [Tirana Declaration](#), in many ways similar to the [Brdo](#) (2020), [Zagreb](#) (2020) and [Sofia](#) (2018) declarations, has reconfirmed the Western Balkans' European perspective, called for the acceleration of the accession process, stressed the importance of good neighbourly relations and invited partners to align with the EU sanctions imposed on Russia.

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