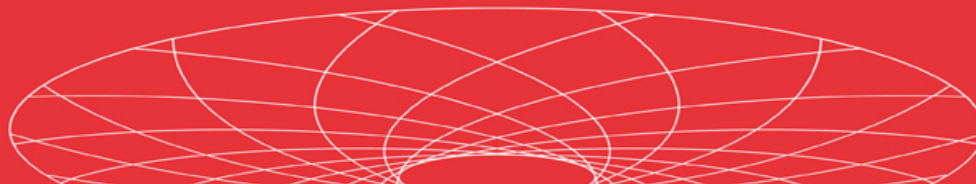


# POST EU SUMMIT

A progressive take on European Council summits by the team of FEPS policy advisors



## FEPS Post Summit Briefing: European Council, 28 June 2018

By Hedwig Giusto, Lisa Kastner, Vassilis Ntousas, David Rinaldi and Charlotte Billingham

At the EU summit in Brussels last week (28 June), leaders discussed a number of pressing issues, including competitiveness and fair taxation, notably of the digital sector, trade and the single market. The most heated debate took place around migration. Brexit was one the agenda too.

### Migration

As it has often been the case in the last few years, the issue of migration dominated the debate in the days preceding the summit – to the point that a pre summit was convened on Sunday 17 June with the aim of brokering some kind of agreement among the willing Member States – as well as the discussion within the European Council itself, that lasted throughout the night and until the early hours on Friday morning.

Indeed, more than ever, it appeared that it was not just the definition of some form of understanding on how to deal with migration at European level that was at stake but also trying to reconcile South European countries' quest for some form of responsibility sharing with East European countries' refusal to accept even a single refugee, but the existence of the European project itself, or at least of the Schengen system. The search for a compromise was frantic, but disentangling the European Council's debate on migration from national political tensions – in a time in which, to be honest, the pressure of migrant flows on European borders has dramatically decreased compared to previous years – was impossible.

The ominous shadows of the new Italian Minister of Interior, Matteo Salvini, with his "holy war" against migration and migrants (which is indeed greatly contributing to the constant gain of consensus he has enjoyed since the new government was appointed at the beginning of last month), and even more of his German counterpart, Horst Seehofer, with his personal fight against Angela Merkel and his threat to blow up the 70-year long coalition between CDU and CSU, loomed over the European Council summit and greatly affected its extremely poor outcome.

The conclusion, in fact, reiterates once more the EU's propensity for externalising the management of migrant flows, by – among other actions – "fully implementing" the EU-Turkey Statement, supporting the Libyan coastguard, the call to "swiftly explore the concept of a regional disembarkation platform, in close cooperation with relevant third countries as well as

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UNHCR and IOM". Apart from the very loose commitment ("swiftly explore"), it is far from being clear where such platforms should be established (Libya has recently declared that it will not accept the establishment of hotspots within its borders). By contrast, it is clear that only on a voluntary basis will the Member States share the responsibility for "taking charge of" (...) "those who are saved". But, and this is crucial, "without prejudice to the Dublin reform", an agreement on which, it is written in the European Council conclusion, needs to be found, possibly in October. The details on what kind of consensus are still very unclear.

Another contentious issue concerned the so-called secondary movements of asylum seekers (that is, the irregular movement of migrants from the country of first arrival to another Member State), which saw Germany and Italy on opposite fronts, with the former – pressed by the hardliner Minister of Interior – asking for blocking them once and for all, and the latter that wished to postpone any discussion on this topic in the hope to find first agreements on other more urgent matters. According to the conclusion reached last week, "Member States should take all necessary internal legislative and administrative measures to counter such movements", but what this would imply in practical terms is not clear. What is more interesting, perhaps, are the repercussions in the two Member States. While Merkel has eventually managed to avoid the collapse of her government (also by means of further concessions to her Minister of Interior on the prevention of irregular migration between Germany and Austria, which might trigger further security border measures by the Vienna government and therefore endanger rather than protect Schengen), the Italian Prime Minister Giuseppe Conte has clearly stated that Italy has made no precise commitment on secondary movements.

In the document great emphasis is also given to the control of borders, the role of FRONTEX, the prevention of irregular entries and the priority of returning irregular migrants, confirming once more the security approach of the European Union to the management of migration, and to cooperation with African countries, aimed at the "socio-economic transformation" of the continent. Regrettably it is the human dimension that instead seems to be lacking in the European Council document, as if in drafting it the fact that it is of men, women and children that they are talking was forgotten.

Last but not least, the reference to "all vessels operating in the Mediterranean" that "shall respect the applicable law and not obstruct operations of the Libyan Coastguard" seems to foresee a change of attitude, for the worst, towards NGOs committed to search and rescue operations in the Mediterranean, therefore to the mission of saving human lives.

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## Security and Defence

With migration being the predominant preoccupation of June's European Council, discussion on security and defence was not particularly detailed. Reflecting a relatively wide political consensus around the security and defence agenda, the conclusions adopted therefore do not represent a significant step forward in terms of further integration but remain consistent with the steady trajectory of progress in this policy domain.

Following a firm recognition that 'Europe must take greater responsibility for its own security' (present in previous Council conclusions), the European Council simply highlighted the significant progress observed in strengthening cooperation in various dossiers, such as military mobility in the framework of PESCO and EU-NATO cooperation, and provided further guidance on next steps. Regarding PESCO, a next set of projects is expected to be agreed in November 2018, while leaders also called for an agreement on a civilian CSDP compact by the end of 2018.

Two other items of importance is the invitation of the European Council to the High Representative and the Commission to present an 'action plan with specific proposals for a coordinated EU response' when it comes to disinformation by the end of this year. Ahead of the July NATO summit, leaders also exchanged views with NATO Secretary-General Jens Stoltenberg, at a critical time for the Alliance given the various policy pronouncements coming from Washington DC on what the next steps should be. Other items, such as the European defence industrial development programme, and the use and proliferation of chemical weapons were also discussed.

## External relations

In an expected move, the European Council also adopted conclusions that make clear reference to the downing of flight MH17, calling on 'the Russian Federation to accept responsibility and fully cooperate with all efforts to establish the truth, justice and accountability.'

## Trade

On trade, and in light of President Trump's attacks on trade multilateralism, the Council's consensus on 'preserving and deepening the rules-based multilateral system' is to be applauded. The WTO system clearly needs to be strengthened and reformed in order to reinvigorate multilateral trade negotiations, rather than destabilising them. Multilateralism is an important part of a global progressive agenda. The Council's call for a reform of the WTO as an institution is hence a step into the right direction giving a clear sign that the EU resists protectionist initiatives coming from Washington. While protectionism is clearly not the answer, we must ensure that

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global trade and investment benefit the many and not the few, that it promotes development, reduces global poverty and raises living standards.

The Council's call for a legislative proposal on the screening of foreign direct investments to be adopted as soon as possible is a good signal. Such a framework is not considered as a form of protectionism, but an instrument to ensure a fair global trade system that provides a level playing field and does not allow social and environmental dumping. In the current situation, China is exploiting the fact that the European market is open to Chinese goods and investments, while European firms face more and more limitations on exports and investments towards China. To promote EU-China trade relations, the progressive response should not aim at punishing China, but at building fair and just relations within the existing multilateral system. The progressive duty is to re-regulate globalised capitalism so that globalisation serves democracy rather than undermining it.

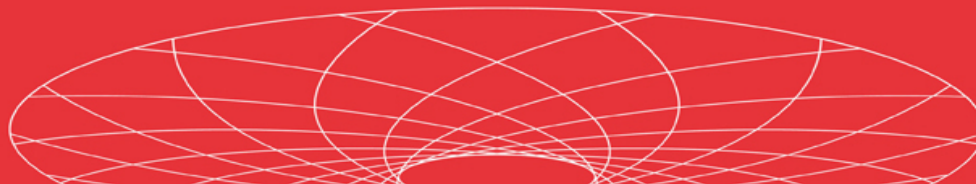
## **Innovation and digital**

The Council's commitment to the fights against tax avoidance, evasion and fraud at global level merits a positive mention. In line with the agreement that Chancellor Merkel and President Macron reached in Meseberg last month, the Council decided to take forward Moscovici's proposals of a digital tax, which is likely to come to an agreement in early 2019. The Commission's plan to introduce a 3% tax on corporate turnover from digital advertising and online intermediation services certainly represents a positive step to make US-based digital giants pay their fair share to the European economy. It is also the right move into the direction of collecting taxes where profits are made, i.e. where companies have significant interactions with users through digital channels.

Nonetheless, two risks are evident here. First, progress towards a digital tax should not divert the attention from what matters most, namely a modernisation and reform of the entire corporate tax system in Europe. Member states should rather commit to the introduction of a common corporate tax base (CCTB) and common consolidated corporate tax base (CCCTB), as the priority should be on addressing tax competition and taxing fairly all giants, not only the digital ones. Second, despite the rather modern design of the digital tax put forward by the Commission, it is still not clear how it will be ensured that it actually impacts big digital companies rather than their clients, users and SMEs which make use of their services.

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## Brexit

With Belgium and England playing each other at the World Cup on the evening of the summit starting there was a lot of attention about the football game. Perhaps not so coincidental also that the Brexit process is being compared to as a game more and more.

The issue of Brexit was towards the end of the agenda, which showed although it was an important summit for the UK government, especially as it is foreseen to reach a deal by October, the EU clearly has much more pressing matters. The Member States will also not discuss it in detail at this stage without knowing any framework on the most important issues. So once again there weren't any real developments of what the withdrawal process might look like. The EU highlighted the importance on reaching a 'backstop' solution regarding the question of the border of Northern Ireland. This is of course the main issue for the EU and the Republic of Ireland.

Interesting also that the Council conclusions refers to Gibraltar, this reminds the UK again that Spain would have to agree on any deal.

The EU is waiting for the UK White paper to continue negotiations. The deadline is tight. The political declaration which will be published with the withdrawal agreement is concerning trade and what the future agreement would look like so understandably the other Member States want this to be resolved quickly, also in light of the present situation.