PV(2017) 2196 final

- English language version of the French text which is authentic -

Brussels, 1 February 2017

TEXTE EN

<u>MINUTES</u>

of the 2196th meeting of the Commission

held in Strasbourg

(Winston Churchill building)

on Tuesday 17 January 2017

(afternoon)

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Single sitting: Tuesday 17 January 2017 (afternoon)

The sitting opened at 13.12 with Mr JUNCKER, President, in the chair.

Present:

Mr JUNCKER	President	
Mr TIMMERMANS	First Vice-President	Items 1 to 6 (in part)
Ms MOGHERINI	High Representative / Vice-President	
Mr ANSIP	Vice-President	
Mr ŠEFČOVIČ	Vice-President	
Mr DOMBROVSKIS	Vice-President	
Mr KATAINEN	Vice-President	
Mr OETTINGER	Member	
Mr HAHN	Member	
Mr MIMICA	Member	
Mr ARIAS CAÑETE	Member	
Mr VELLA	Member	
Mr ANDRIUKAITIS	Member	
Ms THYSSEN	Member	
Mr MOSCOVICI	Member	
Mr STYLIANIDES	Member	
Mr HOGAN	Member	
Ms BULC	Member	
Ms BIEŃKOWSKA	Member	
Mr NAVRACSICS	Member	Items 5 (in part) and 6
Ms CREȚU	Member	
Ms VESTAGER	Member	

Mr MOEDAS	Member
Sir Julian KING	Member

At the invitation of the PRESIDENT, Mr Mario MONTI also sat in on the meeting for the item on the report on the future financing of the European Union and the recommendations on own resources, issued by the high level group he had chaired (item 6.4 of the minutes).

Absent:

Ms MALMSTRÖM	Member
Mr AVRAMOPOULOS	Member
Ms JOUROVÁ	Member

<u>The following sat in to represent absent Members of the Commission</u>:

Ms ÅSENIUS	Chef de cabinet to Ms MALMSTRÖM	
Mr HULICIUS	A member of Ms JOUROVÁ's staff	

<u>The following also sat in</u>:

Mr SELMAYR	Chef de cabinet to the PRESIDENT	
Mr ROMERO REQUENA	Director-General, Legal Service	
Mr PESONEN	Director-General, DG Communication	
Mr SCHINAS	Head of the Spokesperson's Service and Chief Spokesperson of the Commission	
Mr SWIEBODA	European Political Strategy Centre	
Mr PAQUET	Deputy Secretary-General	Item 6 (in part)
Ms MARTÍNEZ ALBEROLA	Deputy Chef de cabinet to the PRESIDENT	
Ms SILLAVEE	PRESIDENT's Office	
Mr WYNANDS	Chef de cabinet to Mr DOMBROVSKIS	Item 5
Mr HAGER	Chef de cabinet to Mr OETTINGER	Item 6 (in part)
Ms ANDREEVA	Commission Spokesperson's Service	
Ms MONTAGNON	DG Budget and Secretary of the High Level Group on Own Resources	Item 6 (in part)

Secretary: Mr ITALIANER, Secretary-General, assisted by Mr AYET PUIGARNAU, Director in the Secretariat-General.

1. AGENDAS
(OJ(2017) 2196/FINAL; SEC(2017) 46/FINAL)

The Commission took note of that day's agenda and of the tentative agendas for forthcoming meetings.

2. WEEKLY MEETING OF CHEFS DE CABINET
(RCC(2017) 2196)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 16 January.

3. APPROVAL OF THE MINUTES AND SPECIAL MINUTES OF THE 2194TH MEETING OF THE COMMISSION (21 DECEMBER 2016) AND THE MINUTES OF THE 2195TH MEETING (10 JANUARY 2017)
(PV(2016) 2194; PV(2016) 2194, 2ND PART)

The Commission approved the minutes of its 2194th meeting, and decided to hold over for one week approval of the minutes of its 2195th meeting.

4. INTERINSTITUTIONAL RELATIONS (RCC(2017) 5)

The Commission took note of the record of the meeting of the Interinstitutional Relations Group (IRG) held on Friday 13 January (RCC(2017) 5).

It paid particular attention to the following points.

4.1. LEGISLATIVE MATTERS

i) Trilogues
(item 3.1 of the IRG record)

– Common rules on securitisation and a European framework for simple, transparent and standardised securitisation, and amendment of Directives 2009/65/EC, 2009/138/EC, 2011/61/EU and Regulations (EC) 1060/2009 and (EU) 648/2012 (Regulation) – TANG report – 2015/0226 (COD)

– Amendment of Regulation (EU) 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (Regulation) – KARAS report – 2015/0225 (COD)

The Commission approved the line set out in SI(2017) 2/3.

– Amendment of Regulation (EU) 531/2012 as regards rules for wholesale roaming markets (Regulation) – KUMPULA-NATRI report – 2016/0185 (COD)

The Commission approved the line set out in SI(2017) 3.

ii) European Parliament dossiers – January part-session
(item 3.2 of the IRG record)

– Certain procedures for applying the Stabilisation and Association Agreement between the European Union and the European Atomic Energy Community, of the one part, and Kosovo* of the other part (Regulation) – SZEJNFELD report – 2016/0218 (COD)

The Commission approved the line set out in SP(2017) 2.

– Amendment of Regulation (EU) 2015/936 of the European Parliament and of the Council on common rules for imports of textile products from certain third countries not covered by bilateral agreements, protocols or other arrangements, or by other specific Union import rules (Regulation) – TAKKULA report – 2016/0029 (COD)

The Commission approved the line set out in SP(2017) 3 and /2.

4.2. RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL

iii) Programming of Council business
(SI(2017) 7)

The Commission took note of the information in SI(2017) 7 on the Council meetings between 19 January and 1 February.

* This designation was without prejudice to positions on status, and was in line with UN Security Council Resolution 1244/1999 and the International Court of Justice Opinion on the Kosovo declaration of independence.

4.3. RELATIONS WITH PARLIAMENT

iv) Action taken on legislative opinions and non-legislative resolutions adopted by Parliament at its November I and II 2016 part-sessions
(item 5.6.2 of the IRG record)

The Commission approved SP(2017) 8 on the action taken on the legislative opinions and non-legislative resolutions adopted by Parliament at its November I and II 2016 part-sessions, for transmission to Parliament.

v) Action taken on non-legislative resolutions adopted by Parliament at its October II 2016 part-session – Action taken on the resolution on the establishment of an EU mechanism on democracy, the rule of law and fundamental rights – IN 'T VELD report – 2015/2254 (INL)
(item 5.6.4 of the IRG record)

The Commission approved document SP(2017) 16 on the action taken on the non-legislative resolution on the establishment of an EU mechanism on democracy, the rule of law and fundamental rights, adopted by Parliament at its October II 2016 part-session, for transmission to Parliament.

4.4. RELATIONS WITH NATIONAL PARLIAMENTS, THE OTHER INSTITUTIONS AND BODIES, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS

vi) Follow-up to the contribution to the 56th Conference of Parliamentary Committees for Union Affairs of Parliaments of the European Union (Bratislava, 13 to 15 November 2016)
(item 6.1.4 of the IRG record)

The Commission approved document SNP(2017) 2 containing its reply to the Contribution of the 56th Conference of Parliamentary Committees for Union

Affairs of Parliaments of the European Union (COSAC) for transmission to the Presidency of COSAC.

5. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

5.1. WRITTEN PROCEDURES APPROVED (SEC(2017) 47 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 9 and 13 January.

5.2. EMPOWERMENT (SEC(2017) 48 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 9 and 13 January.

5.3. DELEGATION / SUBDELEGATION OF POWERS (SEC(2017) 49 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 9 and 13 January, as archived in Decide.

5.4. SENSITIVE WRITTEN PROCEDURES (SEC(2017) 50 AND /2)

The Commission took note of the sensitive written procedures for which the time limit expired between 16 and 20 January 2017.

Commission Opinions on the updated Draft Budgetary Plans of Spain and Lithuania
(C(2017) 292 and C(2017) 296)

Mr DOMBROVSKIS and Mr MOSCOVICI briefed the College on the opinions on the updated 2017 Draft Budgetary Plans of Spain and Lithuania that they were proposing for adoption by the Commission by written procedure, under Article 12(5) of the Rules of Procedure, for which the time limit expired on Tuesday 17 January 2017 at 16.00 (PE/2017/279 and PE/2017/278).

Mr DOMBROVSKIS pointed out that in November 2016 the Commission had adopted its first opinions on the draft budgetary plans of these two Member States, which were based on no-policy-change, since their interim governments at the time lacked full budgetary powers. The Commission had concluded that these draft plans were at risk of non-compliance with the rules of the Stability and Growth Pact, had recommended that Spain and Lithuania take additional measures and had asked them to submit updated Draft Budgetary Plans. This had been done once the two countries' fully operational governments came into office.

However, he explained that a clear distinction must be drawn between the two Member States. It was recommended that Spain, which was under the corrective arm of the Stability and Growth Pact, should correct its excessive deficit by 2018, whereas Lithuania, which was under the preventive arm of the Pact, had to ensure that its budget returned on track to meet the medium-term budgetary objective set by the recommendation specifically addressed to it.

Mr DOMBROVSKIS began by presenting the case of Spain in more detail. The Spanish government had taken additional measures to reduce its deficit and the Commission now expected it to achieve the headline deficit target in

2016 and make both the budgetary effort required for 2017 and the cumulated effort set for 2016-2017. He observed that Spain was not likely to achieve its headline deficit target for 2017 and that it was not certain it would attain the cumulative effort objective for 2016-2017. These factors were thus threatening to jeopardise compliance with the deadlines for budgetary adjustment and the durability of this adjustment. For this reason, the Commission felt that Spain's situation was broadly compliant with the provisions of the Stability and Growth Pact and was asking the Spanish authorities to prepare to take other additional measures if this risk materialised.

Turning to Lithuania, he stressed that the country's debt was still well under 60% of its GDP, since it was 40.8% in 2016 and forecast to reach 43.5% in 2017. It held what was probably the record for the lowest government deficit, with 0.6% of GDP in 2016 and, according to the same forecasts, 0.7% for 2017. However, he explained that the preventive arm of the Stability and Growth Pact required not only maintaining the deficit under the 3% threshold and debt below 60% of GDP, but also staying on an appropriate budgetary path so as to achieve the medium-term budgetary objective sustainably. The Commission must therefore examine the situation from a structural standpoint and from that standpoint, he noted specifically that Lithuania was at this stage considered to pose a risk of non-compliance with the rules of the Pact for 2017.

However, he felt it was fair to acknowledge that the Lithuanian government was planning to implement significant structural reforms on its labour market and in its pension system. For this reason, it had reiterated its request to be granted greater flexibility in 2017 with regard to the criteria of the Stability and Growth Pact. This decision would be taken, as always, as part of the package of measures adopted in spring under the European Semester. If this flexibility were granted, according to the Commission's information there would be a slight risk of a deviation from the 2017 target and Lithuania was therefore broadly compliant with the Stability and Growth Pact. Pending the final decision on the flexibility requested by the Lithuanian authorities, he considered that at this stage the Commission must conclude that as things stood at present, Lithuania was at risk of non-compliance with the provisions of the Pact, and must recommend that it comply with them.

Winding up, Mr DOMBROVSKIS called for the same clear distinction to be drawn between the case of Spain and that of Lithuania in the Commission's communication efforts, for the ins and outs of the opinions being tabled that day to be clearly explained and for their positive aspects to be emphasised.

Mr MOSCOVICI said, first, that the fact that the Commission was giving opinions on its Member States' updated draft budgetary plans was, in his view, a sign that the euro area's fiscal surveillance framework was working well. He also noted that for the governments that had recently come into office in Spain and Lithuania, updating the draft budgetary plans had been a priority, in line with their obligations under the EU fiscal governance rules (the 'two-pack').

Second, he welcomed the fact that the new Spanish government's updated draft budgetary plan was now broadly compliant with the country's obligations under the excessive deficit procedure, which had not been the case in autumn 2016. It was now up to the Spanish authorities to ensure that the budget was properly implemented in order to remedy the country's excessive deficit by 2018.

Third, he stressed that the case of Lithuania was far from posing a major problem, since the Commission was adopting an opinion on the draft budgetary plan of a country that was under the preventive arm of the Pact and had general government debt of around 40% and a headline deficit of 0.6% of its GDP in 2016. He added that the slight increase of 0.7% in the deficit projected for 2017 was largely due to the pre-financing of major labour market and pension reforms, which were potential sources of long-term growth and fiscal sustainability. Once their implementation had been judged positively, as was likely to be the case in the spring, the Lithuanian budget could become broadly compliant with the Stability and Growth Pact, or even compliant, in the opinion then adopted by the Commission.

Winding up, Mr MOSCOVICI stressed that the Commission opinions to be adopted that day must be considered to be encouragements to the new Spanish and Lithuanian governments to continue managing their budgets and implementing their reforms as agreed.

The PRESIDENT stressed how difficult it was to place a Member State such as Lithuania under strict surveillance when its deficit was only 0.6% and its debt 40% of its GDP. The Commission opinion should therefore be communicated carefully and clearly. He referred also to the decision taken by the Commission some months earlier to review the Stability and Growth Pact and to set up a project team for that purpose.

Mr MOSCOVICI said that the matter had already been discussed within the Economic and Financial Affairs Council and that an answer could be provided in the White Paper on the future of Europe, in particular the Economic and Monetary Union, due out in March.

The main point raised by the Commission in the course of the short discussion that followed was the difficulty of explaining the opinion on Lithuania's updated Draft Budgetary Plan, in view of its very good performance in terms of its government deficit and debt, on the one hand, and the, for some, painful reforms it was implementing, on the other; hence the need for a finely-tuned, simple, clear and positive communications stance; it also discussed the advantage of examining in greater detail the general issues of economic governance.

Mr DOMBROVSKIS agreed that the Commission should pay great attention to how it communicated on the opinions issued that day. He referred to the efforts that had been made in the past to explain what went into the assessment categories under budgetary surveillance. Each Member State committed itself to a medium-term objective and, if it did not take the right track to achieve it, a specific procedure was applied.

On the Stability and Growth Pact, he pointed out that, in the 'Five Presidents' Report' on economic and monetary union released on 22 June 2015, the issue of simplifying the Pact in force had been raised and had already attracted support from the Ministers of Economic Affairs and Finance of the Union, as indicated by Mr MOSCOVICI. This issue would also be discussed in the project team on deepening the Economic and Monetary Union that he coordinated.

The PRESIDENT returned to the fact that the Lithuanian example demonstrated that there was a need to review the mechanisms of economic and budgetary governance. He therefore wanted the Commission's in-house project team to produce results as quickly as possible. He also referred to the situation concerning Italy, where the new government was soon to submit its updated Draft Budgetary Plan.

Mr DOMBROSKIS explained that Italy was in compliance with the Stability and Growth Pact rules with respect to its deficit, but that it was significantly off-target concerning government debt, which represented 133.1% of its GDP. This was why the Commission was obliged to draw up a report under Article 126(3) of the Treaty on the Functioning of the European Union.

He reported on his regular contacts with the Italian authorities to help Italy return to economic governance that was overall in line with the Stability and Growth Pact. With the same objective in mind, a letter addressed to Italy's Minister of Economic Affairs and Finance, Mr Pier Carlo Padoan, had been drafted, in which the Commission asked for additional structural measures to overcome a budgetary deficit overshoot equivalent to at least 0.2% of GDP.

Mr MOSCOVICI drew attention to the limited time available to the Italian Government, bearing in mind that it had to submit its updated Draft Budgetary Plan by the end of January. Nevertheless, he felt that the Italian authorities should make a formal commitment to specific budgetary measures. He added that the letter referred to above would be sent to the Italian Government just as soon as it had been approved by the Commission.

The PRESIDENT wound up the discussion by thanking Mr DOMBROVSKIS and Mr MOSCOVICI for their detailed explanations and by noting the agreement of the Members of the Commission on sending a letter calling on the Italian Government to take decisive measures to fulfil the commitments it had made.

The Commission took note of this information and of the last point with respect to Italy.

6. OTHER BUSINESS

6.1. WORLD ECONOMIC FORUM (DAVOS, 17-20 JANUARY 2017)

The PRESIDENT touched briefly on the attendance of a number of Members of the Commission at the Davos World Economic Forum from 17 to 20 January 2017. Although he remained of the view that a more limited presence would have been preferable, he stressed the need to adopt a coordinated stance, targeted in particular on the main initiatives that made up the European Union’s positive agenda. Above all, he recommended avoiding any form of political one-upmanship in which some might seek to draw them to undermine the unity of the Union.

The Commission took note of this approach.

6.2. STATE OF PLAY IN ONGOING NEGOTIATIONS ON THE REUNIFICATION OF CYPRUS

The PRESIDENT gave a short overview of the ongoing negotiations under the auspices of the United Nations on the reunification of Cyprus, following the conference held in Geneva from 9 to 12 January, which he and Ms MOGHERINI attended on the last day. He pointed out that his Personal Representative and Ms MOGHERINI's representative were involved in the technical discussions which could, over the coming few days, open the way to a resumption of high-level talks in which he and Ms MOGHERINI would take part.

The PRESIDENT reported on the contacts he had had and welcomed the genuine commitment of Greek Cypriot and Turkish Cypriot leaders to do their utmost to draw up viable solutions likely to enable a comprehensive settlement of the Cyprus problem. He, however, expressed his displeasure concerning certain groundless comments from Turkey which appeared to challenge the involvement of the European Union in negotiations held within the United Nations framework.

Ms MOGHERINI confirmed the historic nature of the talks held the previous week, which, for the first time in over 40 years, led to a certain number of key issues being addressed, including security guarantees in a future settlement. Although the ongoing technical discussions were, by definition, highly complex, she saw them as a sign of hope, attesting to the good will of the parties concerned to move towards a comprehensive settlement.

Moreover, she pointed out that, in addition to the three guarantor countries – Greece, Turkey and the United Kingdom, the European Union was invited to these historic talks under a special status; its participation had been welcomed by the Foreign Ministers of the Union at the Foreign Affairs Council on 16 January. She explained that the Union's participation was, *inter alia*, aimed at ensuring the compatibility of the measures considered with the *acquis communautaire* and the Union's rules on security, while stressing its neutrality with respect to the parties engaged in the negotiations.

The Commission took note of this information.

6.3. LATEST DEVELOPMENTS IN THE UNITED KINGDOM

The Commission touched briefly on the speech given that day by the British Prime Minister, Ms Theresa May, which would come to an end at the same time as the Commission's meeting. The PRESIDENT called on the Members of the Commission to abide by the agreed position which consisted of not commenting on the issue of the withdrawal of the United Kingdom for as long as the country's Government had not officially invoked Article 50 of the Treaty on European Union. He added that he might be called upon to talk about the speech during his appearance before the European Parliament the next day.

The Commission took note of this information.

6.4. REPORT ON THE FUTURE FINANCING OF THE EUROPEAN UNION AND RECOMMENDATIONS ON OWN RESOURCES, DRAWN UP BY THE HIGH LEVEL GROUP UNDER THE CHAIRMANSHIP OF MR MONTI

The PRESIDENT welcomed Mr MONTI, former President of the Italian Council of Ministers and former Member of the Commission, who had been invited in his capacity as Chairman of the High Level Group on Own Resources in order to present the report on this issue and the recommendations drawn up under his chairmanship to the Commission.

Mr MONTI thanked the PRESIDENT for the invitation and said he was honoured to present the Commission with the final report of the High Level Group he had had the honour to chair. He said that the document had been approved unanimously by the members designated by the three institutions, which often had different interests and negotiating positions, in particular with regard to the financing of the European Union's budget.

There were two main factors that had contributed to this consensus. The first was the choice by each of the institutions of level-headed and experienced representatives – Mr TIMMERMANS, Ms GEORGIEVA and Mr MOSCOVICI for the Commission –, whom he thanked for their active contribution to the work of the High Level Group along with the Commission’s departments represented by Ms Anne MONTAGNON, for their high quality technical support. Second was the generous lifespan of two years the group had been granted, which had enabled it to take account of the numerous events that had taken place since the group was set up in February 2014 and to open up the prospect of reform in the long term.

Mr MONTI highlighted the importance of the financing of the Union’s general budget for the Union’s financial architecture and the Multiannual Financial Framework, as well as for interinstitutional balance and confidence in its ability to achieve its objectives and implement its policies. For those reasons he felt that the matter of own resources was not separate from that of the Multiannual Financial Framework negotiations, which often focused on the net balances between Member States rather than on the content of the policies. He explained that each significant policy change, in particular when national envelopes were allocated, altered the net position of the Member States. He concluded that the unanimous support needed for each expenditure required an adjustment on the revenue front and that the consensus needed to alter the composition of the own resources in turn required a strong commitment in favour of modernising the structure of the Union’s budget.

Before presenting the report's conclusions, Mr MONTI described the main advantages of the current system of own resources, which were discussed in several chapters and recommendations of the report and reflected an interinstitutional consensus. He also mentioned the principle of a balanced budget, the general rules of budgetary discipline, the genuine traditional own resources consisting of, for example, customs duties and the resource based on gross national income, a residual resource that made it possible to balance the budget by providing revenue that was sufficiently stable and flexible. He felt that any new own resource, in particular if it was based on a tax, would replace at least in part the contributions currently calculated on the basis of the gross national income.

Mr MONTI then summarised the approach taken by the High Level Group, which had deliberately chosen to widen its focus beyond the Member States' tax administrations and the adoption of the annual budgets in Brussels or Strasbourg and to broaden the idea of the potential utility of the own resources by seeing them also as an instrument for supporting the Union's policies, as was the case for many sources of revenue in national tax policies.

In his view it was necessary to go beyond the idea of a 'fair return' and zero-sum games and to describe precisely what a genuine own resource is and clarify its legal status. He pointed out that according to the High Level Group's report, the decision on own resources was a binding agreement to share revenue between Member States, for which the national parliaments remained sovereign. They were in no sense European taxes, as they were not authorised by the Treaties. He explained in this respect that all the recommendations in the report could be implemented under the current Treaty.

The report defended the option of rationalising the overall negotiating dynamic at collective level by combining changes on both the expenditure side and the revenue side of the Union's budget.

He stressed the current consensus on the fact that the Union must address the immediate and significant challenges linked for example to the mobilisation of investments, to security or to migration, and also on an idea of Union expenditure more targeted towards the common public good.

He felt that the synergies and the economies of scale that made an approach of this kind possible should then be integrated in the idea of 'net benefits', which was not currently the case. Every euro spent in a Member State was automatically considered a cost for all the others, which called into question the idea of European added value.

Mr MONTI spoke of the need to 'detoxify', to quote a recent press article, the negotiations on the budget poisoned by the quest for a fair return. In his view it should go without saying that the common interests and benefits were considered rather than optimising predefined returns and minimising national contributions that were seen as expensive transfers and not as an investment in the common good. He pointed out that smart investment that would be beneficial with time would legitimise the Union's expenditure in the eyes of citizens and of the Member States who saw themselves as net contributors to the budget. He therefore felt it was essential for the Union's expenditure programmes to be defined in order to best serve the European interest.

Mr MONTI pointed out that the High Level Group's report had deliberately not proposed a new tax-based own resource to avoid prematurely jeopardising such an option where consensus would, on the face of it, be difficult to achieve. However, he highlighted that the groups of topics proposed in the report, the first of which focused on better functioning of the single market and the second on energy, environment and transport, were based on sound logic and the characteristic features of an own resource.

Specifically, he referred to the more suitable options for new own resources linked to the internal market and the coordination of budgetary policies, namely (i) an own resource based on VAT once it had been reformed, (ii) an own resource based on corporate tax, (iii) a financial transaction tax and (iv) a tax on other financial activities. He added that these 'candidate' resources had the advantage of helping improve the functioning of the internal market and, in some cases, promoting fairer taxation and supporting the fight against tax fraud and tax avoidance, while at the same time feeding into the EU budget.

As regards the best options for new own resources linked to the Energy Union and environmental, climate or transport policies, he indicated that (i) a CO2 levy, (ii) revenue from the EU emissions trading scheme, (iii) an electricity tax (iv) excise duty on fossil fuels and (v) an indirect tax on goods imported from third countries that were major emitters of greenhouse gases were all tools that would help strengthen the functioning of the internal market by limiting the proliferation of taxes at national level and at the same time creating a direct link between the financing of the Union and the policies it implemented.

Mr MONTI also recommended examining the category of 'other revenue', which was integrated into the Union budget without being considered, from a legal standpoint, an own resource. This revenue came from the application of EU laws and policies, for example in the field of competition, and in the future could be applied in other areas, such as border control, the digital single market or energy efficiency.

Generally speaking, he felt it was logical that revenue created through EU legislation within the scope of the Union's powers could feed into the central EU budget to fund its priorities. However, he expressed regret that this approach was not automatically adopted today and that the national authorities were always quick to assert their control over any new source of revenue.

Mr MONTI noted that the Commission had recently proposed several ambitious legislative packages that the High Level Group had examined in detail to determine whether one of them could give rise to an overarching policy that would generate future revenue for the Union, as was the case with energy policy and the common consolidated corporate tax base. A new own resource linked to one of these policies could contribute to the achievement of the objectives set and, ideally, help improve the definition of these policies, their effectiveness and their acceptance by stakeholders.

Mr MONTI ended his presentation by stressing that it was now up to the Commission to assess how it could use the report and decide whether the possible avenues explored for the future of the EU's system of own resources could and should be pursued. He also called on the Members of the Commission not to neglect 'other revenue' and to consider those revenue sources that could be put in place through secondary Community legislation.

Mr OETTINGER, the Commissioner in charge of the budget, welcomed the significant contribution made to the Commission's work on the next multiannual financial framework from 2021 by the report drawn up by Mr MONTI. In this connection, he referred to the policy debate to be held in the Commission in the coming weeks, by agreement with the PRESIDENT.

A discussion followed during which several Commissioners stressed the importance of the Commission's future work in this field.

Mr MONTI thanked the Members of the Commission for the interest they were taking in the analyses and recommendations contained in the report of the high level group he had chaired.

The PRESIDENT warmly thanked Mr MONTI for the quality of the report and the recommendations drawn up under his authority. He assured

Mr MONTI that, over the coming months, they would be used to inform the important debate the institutions would need to hold in order to modernise the EU's system of own resources.

The Commission took note of this information.

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The Commission's other discussions on certain agenda items are recorded in the special minutes.

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The meeting closed at 14.54.