



BACKGROUND¹

Brussels, 12 December 2018

European Council 13-14 December 2018

The European Council will start on Thursday at 15.00 with the traditional exchange of views with the **President of the European Parliament**, Antonio Tajani.

At the first working session on Thursday afternoon the Austrian Chancellor, Sebastian Kurz, of the current rotating presidency of the Council, will provide a state of play on the implementation of previous European Council conclusions. He will also present his assessment to leaders on work done so far on the on the **EU's long term budget**. This will then be the occasion for the leaders to have a first substantial discussion on the so called Multiannual Financial Framework (2021-2027).

At the end of the first working session **Prime Minister May will be invited to update on Brexit** from the UK perspective.

Over dinner leaders will first discuss **foreign policy issues**, including the preparations for the upcoming **summit with the League of Arab States** on 24-25 February 2019. Chancellor Merkel and President Macron will brief the leaders on the **implementation of the Minsk agreement** and leaders are also expected to discuss the latest developments in the **Azov Sea**.

This will be followed by a special meeting of the European Council in Article 50 format to discuss **Brexit**. The EU27 are expected to discuss how to facilitate UK ratification of the withdrawal agreement. Leaders will also discuss their preparedness for a no-deal scenario

On Friday morning, starting at 10.00, the heads of state or government will discuss the outcome of the **citizens' consultations** and preparations for the next **Strategic Agenda**.

Leaders will then discuss and adopt conclusions on the **single market**, **migration**, **disinformation**, **climate change**, as well as the **fight against racism and xenophobia**.

The European Council will be followed by a Euro Summit, in inclusive format. The EU27 leaders are expected to agree on reforms for the **Economic and Monetary Union (EMU)**.

<u>Invitation letter by President Donald Tusk</u>

Meeting page

Indicative programme:

Thursday: 15:00 Exchange of views with the President of the European Parliament

15:30 First working session

19:00 Press conference by Presidents Tusk and Juncker

19:30 Working dinner followed by special meeting of the European Council (Art. 50)

This note has been drawn up under the responsibility of the press office.

Friday: 10:00 Second working session

13:00 Euro summit

15:30 Press conference by Presidents Tusk and Juncker and Austrian Chancellor,

Sebastian Kurz

Multiannual Financial Framework (MFF)

The European Council will have a first substantial discussion on the next EU long term budget, the 2021-2027 Multiannual Financial Framework (MFF). The discussion will be based on an assessment by Chancellor Kurz and a written progress report by the Austrian presidency. Leaders are expected to indicate their priorities for the new budget and call on the incoming Romanian and Finnish presidencies to continue work, with a view to achieving an agreement in the European Council in autumn 2019.

Draft negotiating box prepared by the presidency, 30 November 2018

Presidency progress report, 30 November 2018

Multiannual financial framework: shaping EU expenditure

External relations

The European Council will discuss preparations for the upcoming summit with the League of Arab States on 24-25 February, 2019. The summit agreed by the European Council in October will be the first with Arab partners and an opportunity to reiterate the EU's commitment and engagement with an important region, in areas such as trade, investment, the fight against terrorism and illegal migration.

Chancellor Merkel and President Macron will also brief the leaders on the implementation of the Minsk agreement. This will be the occasion for the leaders to endorse a roll-over of economic sanctions on Russia and discuss the latest developments in the Azov Sea.

EU statement on Azov Sea - 28 November 2018

EU adds 9 persons to sanctions list - 10 December 2018

EU restrictive measures in response to the crisis in Ukraine

Brexit

The EU27 leaders will meet at a special meeting of the European Council in Article 50 format to discuss Brexit Leaders will also discuss their preparedness for a no-deal scenario.

The summit was called by President Donald Tusk on 10 December 2018, after Prime Minister May postponed a vote in the UK Parliament on the Brexit deal.

All the withdrawal issues are covered in the withdrawal agreement, including the rights of EU citizens living in the UK and of UK citizens living in the EU, the transition period, the financial settlement and the governance of the agreement, among a wide range of other separation issues. The Agreement also contains a legally operable solution to avoid the return of a hard border on the island of Ireland after the UK's withdrawal. The main purpose is to ensure the UK's orderly withdrawal so as to reduce uncertainty and, to the extent possible, minimise disruption.

The withdrawal agreement needs to be concluded by both parties, the EU and the UK, before the withdrawal date of 29 March 2019.

On 25 November the EU27 leaders gave their political endorsement to the text and invited the EU institutions to take the necessary steps on the EU side to ensure the agreement can enter into force. The Council (Article 50) will conclude the agreement on behalf of the EU, after obtaining the consent of the European Parliament.

EU27 leaders also approved the joint political declaration which reflects an overall understanding on the framework for future relations. The parties will work on this basis for future negotiations after the withdrawal. An agreement on a future relationship can only be negotiated and concluded once the UK has become a third country.

European Council (Art. 50) conclusions, 25 November 2018

Draft agreement on the withdrawal of the UK from the EU

Political declaration on the future relationship between the EU and the UK

Single Market

The heads of state or government are expected to adopt conclusions on the single market. The conclusions will focus on the future of the single market in a changing and challenging global environment. The text is expected to refer to the need for making progress on pending proposals and on the implementation and enforcement of decisions taken. The leaders are also likely to stress the need to embrace the digital transformation and strengthen the link to other policies, such as trade. The European Council is expected to return to this issue in spring 2019 as part of the next Strategic Agenda.

Communication Single Market: Europe's best asset in a changing world

Migration

The European Council will have the opportunity to review progress and assess the implementation of its comprehensive approach to migration. Leaders are likely to note in particular that the number of detected illegal border crossings has been brought down to pre-crisis levels, and that the overall downward trend continues. The heads of state or government are expected to call for the legislative work to continue.

Finding solutions to migratory pressures

Disinformation

In June 2018 the European Council requested the High Representative and the Commission to come forward with an action plan by December 2018 with specific proposals for a coordinated EU response to the challenge of disinformation. The heads of state or government are now expected to discuss this issue in light of the proposed plan and provide further guidance in terms of its implementation, both in the short term, but also in its more strategic and long term aspects. They are likely to highlight the need to address both the internal and the external dimension of the EU's response to this growing threat.

Action plan against disinformation

Fight against racism and xenophobia

In its conclusions the European Council will welcome the adoption on 6 December 2018 of the Council declaration on the fight against antisemitism.

In its declaration, the Council acknowledges that Jewish communities in some EU countries feel particularly vulnerable to terrorist attacks, following an increase in violent incidents in recent years. It notes that anti-Semitic hatred remains widespread, as confirmed by the 2018 Fundamental Rights Agency report on antisemitism. The declaration calls on member states to increase their efforts to ensure security for Jewish communities, institutions and citizens.

Fight against antisemitism: Council declaration, 6 December 2018

Climate change

In light of the presentation of the Commission's recent proposal for a long term climate strategy for the EU and the ongoing UN climate conference (COP24) in Katowice, Poland, the European Council is expected to adopt short conclusions on its intention to provide political priorities and overall direction in the first semester of 2019.

Tackling climate change in the EU

Security and Defence

Leaders will welcome progress made in the area of security and defence. They are expected to highlight the civilian aspects of the Common Security and Defence Policy (CFSP), in particular the so called civilian CSDP compact which aims at improving the EU's capacity to deploy civilian crisis management missions. Together with other initiatives, such as the Permanent Structured Cooperation (PESCO), these developments aim at contributing to improved EU's strategic autonomy, while complementing and reinforcing the activities of NATO.

Press release: Civilian compact, 19 November 2018

Citizens' dialogues and consultations and preparations for the strategic agenda

The heads of state or government will assess the outcome of citizens' dialogue's and citizens' consultations held in EU member states since the launch of this initiative at the informal meeting of the European Council in February 2018. The discussion will be based on the report prepared by the current and incoming presidencies which identifies a number of concerns and expectations on the part of the citizens in terms of concrete results from the EU.

<u>Citizens' consultations - joint report</u>

Citizens' consultations - video clip

Euro Summit

The Euro summit over lunch on Friday will be held in an inclusive format (EU27) and leaders will take decisions on the deepening of the Economic and Monetary Union (EMU). In particular leader should endorse the agreements in the Eurogroup of 4 December 2018;

- on the operationalisation and implementation of a backstop for the Single Resolution Fund (SRF). The backstop will be provided by the European Stability Mechanism (ESM) and will enable the capacity of the SRF to be doubled. It should be introduced by the latest 2024, but possibly earlier if sufficient progress in reducing risks in the banking system has been achieved by 2020;
- strengthen the role of the ESM in terms of crisis prevention and management, mainly through enhanced precautionary instruments for countries that could be affected by an adverse shock beyond their control, and the introduction of single limb collective action clauses, that will make it easier for debt to be restructured in case a country asks for financial help.

The Euro summit is also expected to discuss the question of a future euro areas budget. In particular, it will discuss the proposal to create a budgetary instrument with the aim of generating economic convergence and increasing competitiveness in euro-area member states. The instrument would be part of the EU budget.

Eurogroup President Centeno and European Central Bank President Draghi will also be present at the debate.

In June 2018 the Euro Summit agreed to progress on the completion of the Banking Union and to strengthen the European Stability Mechanism, including by providing the backstop to the single resolution fund. The Eurogroup was mandated to work out the details by December 2018.

In December 2017 the heads of state or government agreed that work should concentrate on areas where the convergence of views is the greatest. Progressing step-by-step on issues such as the completion of the Banking Union, and the development of the European Stability Mechanism (ESM), should significantly strengthen the resilience of the EMU.

Eurogroup report to Leaders on EMU deepening, 4 December 2018

Glossary

Infographic on bank resolution

Deepening Europe's Economic and Monetary Union policy page

- Media accreditation: http://www.consilium.europa.eu/en/press/accreditation
- Press conferences by video streaming: http://video.consilium.europa.eu/
- Video coverage in broadcast quality and photos in high resolution: http://tvnewsroom.consilium.europa.eu
- Meeting webpage: https://www.consilium.europa.eu/en/meetings/european-council/2018/12/13-14/