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The European Council
July 2020 – December 2020

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TRACK Semi-Annual Report: A short overview

The European Council in July 2020 – December 2020

The European Council (EUCO) has always played a key role in the European Union (EU), especially for crisis management. Thus, it is no surprise that the club of national leaders in 2020 focused primarily on the handling of the coronavirus crisis. Though there was a discernible tendency for member states to try to deal with the crisis at the national level first, the EUCO was able to follow its problem-solving instinct as a crisis manager shortly after the outbreak of the pandemic. This semi-annual Report sheds light on the activities of the institution in the second half of 2020 and focuses on the substance of the Recovery and Resilience Facility (RRF).¹



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Looking at the second half of 2020, considerable challenges in the EU can be seen: in its July 2020 meeting, the European Council agreed on a financial mega deal, creating the Next Generation EU (NGEU) with the Recovery and Resilience Facility (RRF) at its heart and adopting the next Multiannual Financial Framework (MFF).

¹ Note: Parts of this Annual report are based on the TRACK Semi-Annual Report as well as the TRACK Policy Paper Series on the European Council's Corona Crisis Management, available online on the projects website: <https://track.uni-koeln.de/de>.



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This report will list the meetings held by Heads of State or Government and the Presidents of the European Council and European Commission and provides a brief analysis on the major topics discussed by the European Council in the second half of 2020. For more detailed information, the European Council Conclusions and the respective Post-European Council Briefings of the European Parliamentary Research Service (EPRS) can be accessed and studied. Besides we advise to have a look at the Policy Brief Series by the TRACK project, which is available on the TRACK website.²

The Coronavirus Pandemic

Table 1: European Council meetings July – December 2020

15 July 2020	EU-India summit via videoconference
17 – 21 July 2020	Special European Council (NGEU and MFF)
19 August 2020	Video conference of the members of the European Council (Belarus)
6 October 2020	EU-Ukraine Summit
15 – 16 October 2020	European Council
29 October 2020	Video conference of the members of the European Council
19 November 2020	Video conference of the members of the European Council
10 – 11 December 2020	European Council

Source: European Council Meeting calendar

As in the first half of the year, the European Council was mainly focused on issues related to the corona crisis. The Special European Council Meeting of 17-21 July 2020 led to a final conclusion, comprising 68 pages. The content of the conclusion can be understood as a new narrative in the history of the European Council. The political agreement introduced the Multiannual Financial Framework (MFF) for 2021-2027. Other issues in this period were:

- the reaffirmation of the European Council’s solidarity with Greece on the issue of Turkey’s drilling activities
- the situation in Libya

² Wessels et. al (2021). Policy Brief Series on the European Council’s Corona Crisis Management. TRACK, online available at: <https://track.uni-koeln.de/de/publications/policy-briefs>.



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- the elections in Belarus on 9 August and the outbreak of violence by state authorities against protestors following the election
- willingness to update the EU's strategy on its single market policies in regard of digital and green transition in an evolving global context
- EU-China Relations and the goal of developing an EU-China Comprehensive Agreement
- BREXIT, especially the negotiations between EU Chief negotiator Michel Barnier and his British counterpart David Frost regarding the EU-UK future partnership

The outcome of the July marathon meeting

Although the financial volume of the MFF is below the budget for 2014-2020 and thus follows the line of the “frugals” (meaning the informal coalition of the fiscally likeminded states containing of the Netherlands, Sweden, Denmark and Austria), the agreement on the RRF can be considered a novelty in European integration. For the first time in the history of the Union common debt was issued on an EU level. The agreement is being evaluated as “a clear expression of solidarity following the coronavirus crisis”.³ The financial mega deal created the Next Generation EU (NGEU) with the Recovery and Resilience Facility as the key instrument. The figures of the financial package look staggering. Whereas the amount of €1.7074 billion for the MFF 2021-2027 is approximately the size of the former (2014-2020), the €750 billion for the NGEU is the taboo-breaking novelty: “EUR360 000 million [...] may be used for providing loans” and “EUR390 000 million [...] may be used for expenditure” (Council Decision 2020 /2053 Art. 5 (1)3).⁴ Following long established general patterns in its practices, the EUCO did not just agree on “general political directions” (Art 15(1) TEU) but took concrete decisions on the major tasks and procedures. The conclusions with 33 points and the annex with 153 points document the aims and ways the members of the EUCO plan to finance and spend the Union's budget for the next years, specifically via the RRF, as well as through the programmes foreseen in the MFF. The conclusions tell us that European leaders have used their institution to act in a strong (pre-)legislative way although Art. 15(1) TEU excludes a legislative function of the EUCO. After the Council and the EP reached a compromise on the MFF after lengthy negotiations during the

³ European Parliamentary Research Service (2020). Outcome Of the Special European Council Meeting Of 17-21 July 2020. Available online: <https://epthinktank.eu/2020/07/23/outcome-of-the-special-european-council-meeting-of-17-21-july-2020/>.

⁴ Council Decision 2020/2053, 14 December 2020, Decisions on the system of own resources of the European Union and repealing Decision 2014/335/EU, Euratom, online available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020D2053&from=EN>.



autumn of 2020, the EP gave its formal consent on 16 December with a large majority of around 78% in favour (549 voters). Following the EP’s formal consent, the Council adopted the regulation laying down the EU’s MFF on 17 December in agreement with all member states⁵ (see table 2).

Table 2: Timeline on the follow up to the European Council activities on MFF and RRF

19 August 2020	Video Conference of the members of the EUCO
1-2 October 2020	Special meeting of EUCO: MFF negotiations with the European Parliament
9 October 2020	Council agrees its position on the Recovery and Resilience Facility: The proposal can now be negotiated between EP and Council
15 October 2020	EUCO meeting
29 October 2020	Video conference of the members of the EUCO
10 November 2020	MFF: Council presidency reaches political agreement with the European Parliament
19 November 2020	Video Conference of the members of the EUCO
10-11 December 2020	EUCO meeting: long-term EU budget 2021-2027 and Recovery package-conclusions on the application of the rule of law conditions
14 December 2020	Council moves to finalise adoption of MFF and recovery package: institutions can now finalise the procedures for the adaption of the MFF and the Recovery package
17 December 2020	MFF for 2021-2027 adopted by the Council (all member states agreed)
18 December 2020	Council and Parliament reach provisional agreement on the Recovery and Resilience Facility

Source: Own compilation⁶

Rule of Law Conditionality

One of the most controversial issues after the July 2020 meeting, was “a regime of conditionality to protect the budget and Next Generation EU” (EUCO 10/20 Annex 22).⁷ The main point of

⁵ Council of the EU, 17 December 2020, Multiannual financial framework for 2021-2027 adopted. Press release 969/20. Online available: <https://www.consilium.europa.eu/en/press/press-releases/2020/12/17/multiannual-financial-framework-for-2021-2027-adopted/pdf>.

⁶ Based on Council of the European Union: Long-term EU budget 2021-2027 and recovery package. Online available: <https://www.consilium.europa.eu/en/policies/the-eu-budget/long-term-eu-budget-2021-2027/>.

⁷ European Council, 21 July 2020, European Council conclusions, 17-21 July 2020. Online available: <https://www.consilium.europa.eu/en/press/press-releases/2020/07/21/european-council-conclusions-17-21-july-2020/>.



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contention concerned the rules on the suspension of payments for a member state that fails to comply with the rule of law. The conflict between what is inadequately labelled as “East against West” blocked the ratification process for several months. Hungary and Poland did not accept the rule of law procedures in the corresponding regulation (Regulation 2020 /2092), which the Council adopted against the votes of Hungary and Poland. Both then threatened to veto the own resource decisions, which require unanimity of all Member States, and thus to scupper the entire package. The threat of a blockade even led members of the EP and the Commission to come up with a plan B, e.g., by using Treaty rules on "enhanced cooperation", which allow for legal acts that are applied by some member states only. However, this was not necessary in the end, as the members of the EUCO finally reached a consensus to deal with this issue at their meeting on 10 and 11 December. In a long part of their conclusion, they agreed on a set of formulations which offer a specific reading of the legally binding regulation. In addition, they reiterated the possibility to refer to the EUCO if such a request is made by an affected Member State. A role is also assigned to the judgment of the Court of Justice on the guidelines for annulment. On 17 December 2020, the EP referred to the content of the EUCO conclusions on the regulation of the conditionality for the protection of the Union budget as “superfluous”, since the matter is already “clearly defined in the legal text of the said Regulation”.⁸

Furthermore, the statement by the European Parliament recalls on the EUCO to “not exercise legislative functions” and “therefore, that any political declaration of the EUCO cannot be deemed to represent an interpretation of legislation as interpretation is vested with the European Court of Justice”.⁹ To explain this last-minute compromise, many actors involved give high credit to the role of the German Chancellor. With her personal reputation and as the Head of Government of the rotating Council Presidency, Angela Merkel was apparently an important driving force for the adaption of the EUCO conclusions against the blocking veto powers.

Conclusion and lessons:

⁸ European Parliament, 17 December 2020, European Parliament resolution of 17 December 2020 on the Multiannual Financial Framework 2021-2027, the Interinstitutional Agreement, the EU Recovery Instrument and the Rule of Law Regulation. Online available: https://www.europarl.europa.eu/doceo/document/TA-9-2020-0360_EN.html.

⁹ European Parliament, 17 December 2020, European Parliament resolution of 17 December 2020 on the Multiannual Financial Framework 2021-2027, the Interinstitutional Agreement, the EU Recovery Instrument and the Rule of Law Regulation. Online available: https://www.europarl.europa.eu/doceo/document/TA-9-2020-0360_EN.html.



The European Council continued its role as the crisis manager of the EU in the second half of 2020. And similar to former crises it used the opportunity to further the integration of the European Union, this time through the introduction of common debt on the EU level, as part of the NGEU. Even though the common debt is meant to be limited to saving states from the consequences of the corona crisis, the policy tool is introduced now and will probably be a topic even after 2027, when the program has run out. A continuation of the program would mean a major step in the financial integration of the EU, with some possible spill over effects that might lead to an EU-level finance minister and EU-wide fiscal policies. Some see it as a step towards a “fiscal union” critical voices claim to see a major step towards a “debt union”.

Another major issue will be the link of the sums granted by the RRF and the problematic state of the rule of law in some EU-countries. The willingness of EU-countries to address this problem made decisions more difficult. But again the leaders of the European Council found a last-minute compromise during the December meeting.

A person that will most likely be connected to this period is the German chancellor, Angela Merkel. As the most experienced head of state of the Union by now and with high international reputation, she played a key role to find consensus in the EUCO, especially in the second half of 2020 when Germany assumed the role of presidency of the Council of Europe but also in the first half of 2021. To understand her impact and that of the European Council overall we might refer to Monnet method: In times of turmoil and crisis it’s the role of key institutions to formulate real steps towards strengthened instruments and institutions of the Union, even if there are limited. Thus, we see the continuity and evolution of the European institutions since 2005.

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