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The European Council

in the shadow of the coronavirus pandemic

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TRACK Teaching and Researching
the European Council

TRACK Semi-Annual Report: a short overview.

The European Council in the shadow of the coronavirus pandemic - a Monnet like step forward for further integration



More than ever before the European Council remains a significant object for research and teaching. This document aims to offer a factual overview over the activities in the first half of 2020 as well as an analysis and assessment of the crisis management to stimulate discussions on this key institution of the EU's political leaders. One major issue for academic assessments are the discussions whether the decisions of the July 2020 European Council are “historic” (von der Leyen)¹ or crossing the Rubicon (Rutte)² signalling a Hamilton moment (Scholz)³. Our

¹ Von der Leyen, Ursula (2020). Making Europe's future rhyme for the Next Generation: op-ed by President of the European Commission Ursula von der Leyen. (https://ec.europa.eu/commission/presscorner/detail/en/ac_20_1425)

² Rios, Beatriz et. Al. (2020). Leaders clash over stimulus against pandemic, pass hot potato to Eurogroup. (<https://www.euractiv.com/section/economy-jobs/news/leaders-clash-over-stimulus-against-pandemic-pass-the-hot-potato-to-the-eurogroup/>)

³ Dausend, Peter & Schieritz, Mark (2020). Jemand muss vorangehen. DIE ZEIT. Nr. 22, p.5.



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suggestion is to explain these agreements by using the criteria and dynamics of the traditional Monnet method of a short-term driven step by step process towards extending and reinforcing the EU System. The fusion approach could be applied as a point of departure.

Highlights for European Council’s performance were:

- Reacting to the coronavirus pandemic and dealing with its economic and social consequences
- Negotiations for the EU’s long-term budget
- The Mega deal of the European Council on 21 July, which is to be assessed as a historical event.

At the same time, usual topics such as those linked to international developments were excluded from the agenda. For these topics, as the relation with China, Russia and Turkey, the European Council agreed on a special meeting at the beginning of October

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 first half of 2020. For a more detailed analysis we advise you to have a look at the official conclusions and the respective Post-European Council Briefings of the European Parliamentary Research Service (EPRS), the Policy Briefs available on the TRACK website, as well as the second Annual Report which will be available on the website in early 2021 and will be covering the European Council’s activities in 2020.

Table 1: European Council meetings January – July 2020

20 – 21 February 2020	Special European Council (MFF)
10 March 2020	Video conference of the members of the European Council
26 March 2020	Video conference of the members of the European Council
23 April 2020	Video conference of the members of the European Council
19 June 2020	Video conference of the members of the European Council
17 - 21 July 2020	Special European Council (NGEU and MFF)
19 August 2020	Video conference of the members of the European Council (Belarus)

Source: European Council Meeting calendar

The agenda of the European Council in the first half of 2020 has been dominated by the coronavirus crisis. Other related topics were however also closely discussed, such as the Multiannual financial framework (MFF), the European Union’s long-term budget.



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Other issues were:

- the United Kingdom's withdrawal from the Union and negotiations on the form and substance of a future relationship
- opening accession negotiations with Albania and North Macedonia
- The EU's relationship with Turkey concerning migration and drilling activities in the Eastern Mediterranean

Coronavirus pandemic: the European Council as key crisis manager

The coronavirus pandemic undoubtedly dominated the political agenda in the first half of 2020 and also led to major changes in the way the Heads of State or Government met for discussions. Instead of holding face to face meetings in Brussels, EU leaders had to meet virtually to discuss how to deal with this war-like scenario⁴ and most serious crisis since the Second World War.⁵ In the first half of 2020, the European Council held four video conferences, two in March, one in April and one in June.

Before addressing the economic consequences of the pandemic, the first focus laid on tackling the public health crisis. Key words that arose in this respect were e.g. "limiting the spread of the virus", "providing medical equipment", "promoting research"⁶ as well as the repatriation of EU citizens from third countries.⁷ However as the economic consequences of the "lock down" became clearer, the leaders' focus quickly moved to the socio-economic consequences and how to tackle them. EU leaders agreed on a variety of measures and endorsed an agreement by the Eurogroup which provides "three important safety nets for workers, businesses and sovereigns" worth 540 billion euros.⁸

⁴ Politico (2020): Inside Macron's coronavirus war. French president casts himself as commanding general in fight

against pandemic. (<https://www.politico.eu/interactive/inside-emmanuel-macron-coronavirus-war/>)

⁵ Merkel, Angela (2020): An address to the nation by Federal Chancellor Merkel (<https://www.bundesregierung.de/breg-en/news/statement-chancellor-1732296>)

⁶ European Council (2020). Conclusions by the President of the European Council following the video conference on COVID-19. (<https://www.consilium.europa.eu/en/press/press-releases/2020/03/10/statement-by-the-president-of-the-european-council-following-the-video-conference-on-covid-19/>)

⁷ European Council (2020). Conclusions by the President of the European Council following the video conference with members of the European Council on COVID-19 (<https://www.consilium.europa.eu/en/press/press-releases/2020/04/23/conclusions-by-president-charles-michel-following-the-video-conference-with-members-of-the-european-council-on-23-april-2020/>)

⁸ European Council (2020). Conclusions of the President of the European Council following the video conference of the members of the European Council, 23 April 2020



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It however became apparent that these measures were not sufficient to tackle the economic consequences of the pandemic. At first, a group of nine Member States led by French president Macron proposed a common debt mechanism, the so-called “corona bonds”, which would have financially supported those Member States most-affected affected by the economic consequences of the pandemic.⁹ This proposal however did not gain enough support by other Member States. A big step towards an agreement was the proposal of a multi-billion-euro recovery fund by president Macron and German chancellor Merkel in May¹⁰ and later also by the European Commission.¹¹

The negotiations on this mechanism had been left for a physical European Council to be held in Brussels in July. Discussions during the special European Council in July were controversial, as EU leaders were not only divided on the amount of the recovery fund but also specific mechanisms. The so-called “frugal four”, the Netherlands, Austria, Denmark and Sweden as well as later also Finland were particularly sceptical of the proposal, as it foresaw a large amount of grants for the worst-hit Member States. Even after European Council President Charles Michel came up with a compromise proposal that included a smaller MFF than previously anticipated, while maintaining rebates for the net payers including Germany¹², the “frugals” remained critical.

The summit, which started on a Friday, went into the fifth day before the Heads of State or Government were able to adopt an “ambitious and comprehensive package”¹³, after the talks nearly collapsed on Sunday night.¹⁴ The Recovery effort under Next Generation EU (NGEU) which EU leaders were able to agree on empowers the European Commission “in the Own Resources Decision to borrow funds on the capital markets on behalf of the Union up to the amount of EUR

[\(https://www.consilium.europa.eu/en/press/press-releases/2020/04/23/conclusions-by-president-charles-michel-following-the-video-conference-with-members-of-the-european-council-on-23-april-2020/\)](https://www.consilium.europa.eu/en/press/press-releases/2020/04/23/conclusions-by-president-charles-michel-following-the-video-conference-with-members-of-the-european-council-on-23-april-2020/)

⁹ See e.g.: Politico (2020): Macron calls for EU financial solidarity to fight coronavirus.

[\(https://www.politico.eu/article/macron-eu-financial-solidarity-coronavirus/\)](https://www.politico.eu/article/macron-eu-financial-solidarity-coronavirus/)

¹⁰ Bundesregierung (2020). Franco-German initiative. Emerging stronger from the crisis.

<https://www.bundesregierung.de/breg-de/aktuelles/dt-franz-initiative-1753890>

¹¹ European Commission (2020). Europe's moment: Repair and prepare for the next generation.

https://ec.europa.eu/commission/presscorner/detail/en/ip_20_940

¹² European Council (2020). President Charles Michel presents his proposal for the MFF and the recovery package.

[\(https://www.consilium.europa.eu/en/press/press-releases/2020/07/10/president-charles-michel-presents-his-proposal-for-the-mff-and-the-recovery-package/\)](https://www.consilium.europa.eu/en/press/press-releases/2020/07/10/president-charles-michel-presents-his-proposal-for-the-mff-and-the-recovery-package/)

¹³ European Council Conclusions, 17, 18, 19, 20 and 21 July 2020.

¹⁴Herszenhorn, David M. & Bayer, Lilli (2020). European Union leaders agree on coronavirus recovery package. <https://www.politico.com/news/2020/07/21/europe-coronavirus-recovery-package-375286>



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750 billion” and can use those funds “for the sole purpose of addressing the consequences of the COVID-19 crisis.”¹⁵ Different to the original proposal, €390 billion will be given to Member States in grants and €360 billion in loans (the original proposal from May 2020 proposed €500 billion in grants and €250 billion in loans). This reduction of grants can be seen as a compromise in order to get the “frugals” to agree.

Multiannual financial framework 2021-2027¹⁶: the European Council exercising the power of the purse

For members of the European Council, the year started with budget negotiations. However, discussions on the Union’s long-term budget had already begun before that. The European Commission already published its first proposal in May 2018¹⁷, the European Parliament’s position was adopted in November 2018.¹⁸ In December 2019 the Finnish presidency then submitted a “Negotiating Box” that for the first time put forward tentative figures and proposed a budget representing 1.07% of EU GNI.¹⁹ The special summit in February then aimed at finding an agreement on that issue and marked Charles Michel’s first challenge in his new role as President of the European Council as he had to try to convince political leaders with opposite interests to reach on the new multiannual financial framework. The withdrawal of the United Kingdom from the Union and thereby the EU losing one of the biggest contributors to its budget therefore led to further divisions between the more “frugal” Northern European states (Austria, Denmark, The Netherlands and Sweden) and the Southern and Eastern European “Friends of Cohesion”²⁰.

¹⁵ European Council Conclusions, 17, 18, 19, 20 and 21 July 2020.

¹⁶ See also: https://track.uni-koeln.de/sites/track/user_upload/Policy_Brief_No.2.pdf

¹⁷ European Commission (2018). EU budget: Commission proposes a modern budget for a Union that protects, empowers and defends. (https://ec.europa.eu/commission/presscorner/detail/en/IP_18_3570)

¹⁸ European Parliament (2018). Long-term EU budget: MEPs lay down funding priorities for post-2020 budget. (<https://www.europarl.europa.eu/news/en/press-room/20181106IPR18317/long-term-eu-budget-meps-lay-down-funding-priorities-for-post-2020-budget>)

¹⁹ European Council (2019). Multiannual Financial Framework (MFF) 2021-2027: Negotiating Box with figures. (<https://www.consilium.europa.eu/media/41630/st14518-re01-en19.pdf>)

²⁰ XXII GOVERNMENT - PORTUGUESE REPUBLIC (2020). Friends of Cohesion JOINT DECLARATION on the Multiannual Financial Framework 2021-2027. (<https://www.portugal.gov.pt/download-ficheiros/ficheiro.aspx?v=c6825828-42dc-4090-8378-929c760c58a3>)



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"We have worked very hard to try to reconcile the different concerns, the different interests, the different opinions on the table. But we need more time."

- Charles Michel, President of the European Council (21 February 2020)

As no tangible result was achieved during the summit and Michel did not even announce a date for a next session on the MFF, the outcome can be called disappointing.

The coronavirus pandemic then however changed the whole situation as the need for a recovery package for Europe's damaged economy became apparent, additional to the MFF. The outbreak of the coronavirus pandemic and its consequences drastically changed the economic situation throughout the EU and unveiled the need for a much larger financial mechanism in order to recover from the economic consequences of the pandemic.



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From left to right: Mr Sebastian KURZ, Austrian Federal Chancellor; Mr Mark RUTTE, Dutch Prime Minister; Mr Stefan LOFVEN, Swedish Prime Minister; Ms Mette FREDERIKSEN, Danish Prime Minister; Mr Charles MICHEL, President of the European Council; Ms Ursula VON DER LEYEN, President of the European Commission.



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As expected by many observers, the first European Council “in personam” in July 2020 proved to be a lot more productive than the video conferences the leaders had previously held on a regular basis. Four days and 90 hours of heated negotiations were needed in order to reach an agreement. Dutch Prime Minister Mark Rutte’s frequently quoted statement “we are not here so we can go to each others’ birthdays for the rest of our lives ²¹— we are here to defend the interests of our countries” as well as the fact that derogatory comments about other leaders became public²², vividly illustrate the emotional atmosphere at the summit.

“We’re not here so we can go to each others’ birthdays for the rest of our lives — we’re all here to defend the interests of our own countries.”

- Mark Rutte, Prime Minister of the Netherlands (July 2020)

Just as while negotiating the recovery fund Next Generation EU (NGEU), there have also been controversial discussions on the MFF. Several issues had to be discussed heatedly. The main point of discussion has been the total sum of the budget and its distribution. While the “friends of cohesion” supported a higher budget with a focus on cohesion funds and the Common Agricultural Policy CAP, the “frugal” countries demanded a cap of the budget at 1% of the GNI and a shift towards a more “modern” budget with a focus on climate protection as well as research and development. Another proposal strongly supported by the European Parliament was to introduce a strict rule of law conditionality and link funds from the NGEU with the respect of the rule of law by EU Member States. This however has been blocked by the Visegrad-Group. The European Council only agreed on a relatively vague mechanism on this issue.

“I don’t know what is the personal reason for the Dutch prime minister to hate me or Hungary, but he is attacking so harshly”

- Viktor Orbán, Prime Minister of Hungary

In the end, Heads of States or Government agreed on a MFF budget based on the proposal for the February 2020 session. The overall budget of €1,074.3 billion however was a lower figure than in February due to the ambitious recovery fund agreed on at the same time. While the

²¹ Dallison, Paul (2020). EU summit insults and rubbish superheroes. (<https://www.politico.eu/article/declassified-eu-summit-mark-rutte-emmanuel-macron-budget-recovery/>)

²² Gonzalez, Cristina (2020). POLITICO EU Confidential: EU budget and recovery summit — Deal, drama and details. (<https://www.politico.eu/newsletter/eu-confidential/politico-eu-confidential-eu-budget-and-recovery-summit-deal-drama-and-details/>)



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European Commission initially proposed to scrap so-called rebates on contributions for net payers to the budget altogether, the “frugals” were in the end even able to increase their rebates, while Germany’s rebate on their budget contributions remained the same.²³ This can be seen as a concession by mainly Southern European countries, who were the most vocal supporters of scrapping the rebates to the “frugals”.

Conclusions and lessons:

The coronavirus pandemic and its socio-economic consequences are undoubtedly one of the biggest crises, if not the biggest crisis in the Union’s history. Therefore, various lessons for teaching and research on the European Council have emerged during this unprecedented crisis. The Mega deal of the European Council on 21 July deserves a closer analysis and assessment:

- A historical look back on the long history of the European Council in both shaping and making the budget and in managing multiple crises over its history
- an analysis of the political constellations inside the club and the patterns as well as the style of decision making:
 - which traditional cleavages/coalitions/groupings and which new alliances came up;
 - which role did the president of the European Council and the president of the European Commission have;
 - which role did the Franco-German couple have;
 - what were the effects of virtual conferences in contrast to physical gatherings?
- an analysis of the effects of the budgetary decisions taken:
 - will the grants foreseen as part of the Recovery Fund reach their economic and social objectives;
 - will the just transition fund, aiming at funding a green transition of the EU’s recovery, work;
 - will the new rule of law mechanism in the MFF have any impact?
- A speculative assessment of the long-term impact

The European Council’s efforts to tackle it once-again revealed confrontations between different Members States, in particular between North and South. While Italy and Spain, the two hardest-

²³ European Council Conclusions, 17, 18, 19, 20 and 21 July 2020.



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hit countries represent Southern European Member States, whose governments search for financial support from the EU, some Northern European Member States, most notably the “frugal four” fear that those funds do not solve the needs and will harm the benefiting countries’ willingness to undertake economic reform.²⁴ These cleavages are not a new phenomenon which only came up during the discussions about a recovery fund but came up multiple times throughout the Union’s history.²⁵ One can also say that in times of crisis the European Council has once again proven itself to be a key institution, as crises are said to be the “hour of executives” and thereby reinforces the European Council as the political leaders’ institution.²⁶ For how much longer the European Council will be able to be the dominant institution in tackling the crisis is however still to be seen, as the pro-European majority in the increasingly vocal European Parliament will certainly want to have their say in this and its consent is needed in order to pass the next MFF (Art. 312 (2) TFEU).



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From left to right: Ms Ursula VON DER LEYEN, President of the European Commission; Mr Charles MICHEL, President of the European Council; Mr David SASSOLI, President of the European Parliament.

²⁴ See also: https://track.uni-koeln.de/sites/track/user_upload/TRACK_Policy_Brief_No.3.pdf

²⁵ See also: https://track.uni-koeln.de/sites/track/user_upload/Policy_Brief_No.2.pdf

²⁶ See also: https://track.uni-koeln.de/sites/track/user_upload/TRACK_Policy_Brief_No.3.pdf



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Possible long-term effects of the NGEU

The European Council agreeing on the NGEU recovery fund can certainly be seen as a big step forward in European integration or even as a Hamiltonian moment.²⁷ Whether the European Council has once again been able to dominate the European Parliament or whether it will be able to push through some modifications on the recovery fund and MFF will depend on the internal cohesion of the pro-European majority within the EP and the pressure put on MEPs by their national parties. In general, the compromise Heads of States or Government were able to strike can be seen as a historic breakthrough as the “taboo on debt-sharing at the European level” has been removed and the plan for the Union to impose its own taxes might be “the prelude to a possible fiscal union”.²⁸ The goal of the mega deal has clearly been to stabilise the Union’s Member States. However, as often seen in the history of the EU, spill-over effects might occur and lead to a further incremental step towards some kind federalisation of the EU. The way members of the European Council decided to tackle the economic consequences followed the “Monnet method”.²⁹ It can be seen as a pragmatic step by step approach with a focus on a single project. Moreover, French-German cooperation has once again been at the core of the decision-making as the mega deal is largely based on a Franco-German proposal, while typically for a Monnet-like decision, the decision-making process has been consensus driven.

As indicated before, the fusion model³⁰ can be used to analyse the European Council’s above-described actions. According to this approach, the European Council can be regarded as “the centrally located and pivotal player in both a vertical multilevel constellation and in a horizontal multi-institutional architecture of the EU system”. The Heads of States or Government are “wearing two heads” during the negotiations, as they act within both the European and national arena. Thus, the European Council has to balance the tensions between the pressures to reach an agreement and the expectations “of the voters back home”. Members of the European Council have to “balance the pressures of their European peer group to reach agreements, with the need to meet the expectations of their respective domestic arenas”³¹. This “fundamental dilemma” between a “sovereignty reflex” and a “problem-solving instinct”³² became apparent

²⁷ Dausend, Peter & Schieritz, Mark (2020). Jemand muss vorangehen. DIE ZEIT. Nr. 22, p.5.

²⁸ Pirozzi, Nicoletta (2020). The European Council and Europe’s Magic Lantern. Istituto Affari Internazionali.

²⁹ See: e.g.: Wessels, Wolfgang. (2001). Jean Monnet-Mensch und Methode. Überschätzt und überholt?. Jean Monnet-Man and Method. Overestimated and Outdated? IHS Political Science Series: 2001, No. 74.

³⁰ Wessels, Wolfgang (2016). The European Council. Palgrave Macmillan., pp.18ff.

³¹ Ibid, pp.18f.

³² Ibid, p.19.



during the July summit, in particular for the so-called “frugals”. While the leaders of those countries were firmly against loans being part of the recovery deal, facing pressure from “back home” while in light of the unprecedented crisis they also experienced strong pressure from fellow Heads of State or Government to reach an agreement. Although the European Council has once again been able to find an agreement and strike a mega deal, the July summit revealed new fault lines for the future of the Union. This is particularly the case for the Netherlands, where the mega deal led to discussions about a reassessment of the country’s future stance on European integration, even including considering opt-outs as laid down in a recent Clingendael publication.³³



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Mr Mark RUTTE, Dutch Prime Minister.

³³ Schout, Adriaan. (2020). How the Netherlands can choose opt-outs from the EU coronavirus recovery fund. Clingendael. (<https://www.clingendael.org/publication/netherlands-can-choose-opt-outs-eu-coronavirus-recovery-fund>)



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As for preparing the teaching we recommend:

- To read the detailed conclusions of the European Council's July session carefully and identify key notions
- Use secondary literature, such as the Post-European Council Briefings published by the EPRS or Nicoletta Pirozzi's article "The European Council and Europe's Magic Lantern."
- Use pictures (see above)
- Use online panels, such as the panel "The Covid-19 Crisis and Financial Challenges in Europe: Debating the key role of the European Council" organized by the European University Institute in July 2020.

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