

European Council conclusions on the multiannual financial framework and on external relations, 13 December 2018

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"The past is a good teacher but not a destination for the future"



First EC Vice-President Frans Timmermans speaks on the rule of law and a sustainable Europe at the EESC's last plenary in 2018

"We need a swift change to a sustainable Europe, and to achieve it the support of local and regional authorities and civil societies is crucial," said EESC president **Luca Jahier** at the outset of a debate with First Vice-President Frans Timmermans on sustainability and the rule of law during the EESC's December plenary. "We need to dare a new future for Europe, or as we call it a rEUnaissance. In order to have the support of our citizens, it is crucial that we focus on opportunities rather than new liabilities for our citizens," Mr Jahier added.

The EU is based on the rule of law

In his speech, Mr Timmermans noted that the rule of law was not "a sort of luxury" but the very foundation for the existence of the European Union. He

warned against setbacks not only outside Europe, but also within the European Union. "We can see autocratic tendencies where democracy is used against the rule of law, where governments who achieved a majority in the last elections use this majority for instance in order to go against an independent justice", Mr Timmerman said, stressing that democracy was a "day-to-day-thing" and could not be reduced to the issue of voting. He condemned Hungary's recent decision to let employees work 400 hours overtime a year, without having involved trade unions in this decision, and was also worried about Poland's attempt to forbid its lawyers to seek guidance from the European Court of Justice when there was doubt.

Involvement of civil society in the transition to a sustainable Europe

With regard to sustainability, Mr Timmermans referred to the Commission's reflection paper which would be ready in mid-January, underlining that there **was only one way forward – which was the way towards a sustainable society**. He thanked the Committee for its remarkable role in the multi-stakeholder platform, where the EESC acted as a bridge builder and which could be an example for future involvement of civil society, for instance in platforms on energy transition, plastic, taxation, social protection inequalities – where the dialogue needs to be strengthened. "We have reached success and good consensus; however the work is not done yet," Mr Timmermans concluded.

Taxation and the social pillar – the main instruments for social sustainability

"We also need to include social sustainability", Mr Timmermans added. The *gilets jaunes* protests were the voice of people who felt they were being squeezed. "Inequality has increased in nearly all Member States. We must care about the people and this can only be done with the active participation of civil society." Taxation and the social pillar were two important instruments. "We must make taxation policy a highly political issue. It cannot be that every little shop, every pub pays its taxes and the big enterprises don't. The next Commission will need to have a precise programme that ensures that these big companies pay their taxes where they make their profits. This must become a principle, together with the creation of a tax base that we can all agree upon – then tax havens will disappear," the Commissioner argued.

The EU has limited competences on social issues but huge political scope to urge the Member States to work on the social pillar and explain, for instance, that collective bargaining was an essential element of the European social model and for safeguarding the rights of all employers and employees.

"Unfortunately, with growing inequality, too many people are following the backward-looking path, **but while the past is a good teacher it cannot be the destination for the future**," he concluded, ending with a Jean Jaurès quote "It is by flowing to the sea that a river stays true to its source."

In his statement, **Arno Metzler**, president of the Diversity Europe group, urged the Vice-president to ensure closer cooperation: "Let us, the EC and EESC, work more closely together. The European institutions in general need

much more structured collaboration. We should definitely cooperate more closely on fighting the upsurge of populism and promoting the rule of law and fundamental rights in our Member States.”

Gabi Bischoff, president of the EESC’s workers’ group, referred in her statement to SDG No 10 whose implementation was crucial. She argued that “For us as the workers’ group, the fight against inequality has priority, but what we are seeing now is growing inequality within and between countries”, blaming the Commission for having failed to address this issue successfully.

For group I, **Tellervo Kylä-Harakka-Ruonala** emphasised that “sustainable development is not a zero-sum game. We need to seek measures that create economic prosperity, social welfare and environmental benefits simultaneously. The EU needs to be a forerunner, and champion for a favourable business environment to innovate, invest and trade in sustainable solutions.”

In their statements, members called for an overarching strategy for the implementation of the Sustainable Development Goals (SDGs) which was still missing, and stressed that it must be inclusive, involving businesses, civil society organisations and citizens. Social and environmental justice must go hand in hand. With regard to obvious set-backs concerning the rule of law, they called for a more proactive approach and better support from the Commission where civil society’s rights were under threat.

Quality of life improving in Ireland but challenges remain

Quality of life is improving in Ireland, particularly in relation to social cohesion, with the country recording some of the highest levels optimism in the EU and lowest reported levels of tension between racial and ethnic groups. However, a number of challenges remain, notably in public transport, childcare services, and social housing – all of which were rated below EU averages by respondents in a Europe-wide survey.

The findings, based on the 2016 European Quality of Life Survey, were presented by Eurofound to a special Citizens’ Dialogue on ‘*Quality of life in Europe – How does Ireland measure up?*’ organised by the European Commission Representation in Ireland and Eurofound in Dublin this afternoon. Mairead McGuinness MEP, Vice-President of the European Parliament, Tadas Leončikas, Eurofound Senior Research Manager, and Dr Shana Cohen, Director of TASC, were panelists at the town hall style meeting. The event will be opened by Gerard Kiely, Head of the Commission Representation in Ireland.

Nearly 37,000 people in 33 European countries were interviewed in the last quarter of 2016 for the fourth wave of the European Quality of Life Survey.

Findings show that each EU Member State exhibits certain strengths in particular aspects of well-being, but multiple disadvantages are still more pronounced in some societies than in others; and in all countries significant social inequalities persist. Overall, it showed increased satisfaction in quality of life in Ireland compared to previous surveys, as well as a work-life balance that is close to, or above EU averages.

Some of the most positive findings for Ireland were in relation to quality of society, and in particular relatively low socio-economic and racial and ethnic tensions in society. There has been a significant decrease in reported tensions between rich and poor in Ireland since 2011: 19% reported a tension between rich and poor in 2016, down from 28% in 2011. This brings Ireland well under the EU average of 29%.

The data presented by Eurofound's shows that Ireland now ranks as one of the countries in Europe with the lowest reported tensions between different racial and ethnic groups. Reported tensions in Ireland have been decreasing consistently since 2003 and now stand at 21%, significantly below the EU average of 41%. This has occurred during a general increase in tensions in Europe, with a marked increase in some countries. Although reported quality of life in Ireland was better in 2016 than the previous survey in 2011, results on quality of public services remained mixed. Satisfaction rates are still below EU averages in a number of areas: most notably in health services, childcare, public transport, and social housing. The issue of affordability of childcare received particular focus, as respondents in Ireland were significantly more likely to indicate difficulty in affording the cost of childcare than people elsewhere in the EU.

Image © Eurofound/Tadas Leončikas, Eurofound Senior Research Manager

State aid: Commission clears Italian rescue aid to Condotte d'Acqua

Margrethe **Vestager**, Commissioner in charge of competition policy, said: *"Many companies would be impacted and many jobs would be lost if Condotte abruptly exited the market. The Italian rescue aid that the Commission has approved today will allow Condotte to continue its work and avoid immediate delays to important infrastructure works, whilst giving the company's administrators time to return the company to viability."*

Condotte d'Acqua S.p.A. in Amministrazione Straordinaria ("Condotte") is Italy's third largest construction company. It employs over one thousand people and is active in the construction sector, including infrastructure works such as roads, high-speed railways, energy projects and other large infrastructure projects.

Condotte is experiencing financial difficulties due to internal and external factors, in particular the economic context of construction companies involved in public works. In Italy, public investments involving civil engineering have decreased between 2008 and 2015, there are persistent issues concerning payment delays by public administrations and adjudication processes and settlement of disputes with contracting authorities involve long proceedings. All of these factors combine to put Italian construction companies under financial strain.

On 30 November 2018, Italy notified the Commission of plans to grant a temporary €190 million guarantee on loans and bonds for Condotte. This will allow the company to meet its liquidity needs for the next six months at an appropriate interest rate.

Rescue and restructuring aid are among the most distortive types of State aid and can only be granted to companies once these have exhausted all other market options. The [Commission's rescue and restructuring guidelines](#) allow Member States to support companies in difficulty, provided in particular that the public measures are limited in time and scope and contribute to an objective of common interest.

The Commission assessed the plans notified by Italy and found that:

- the planned aid is necessary to allow Condotte to keep operating and avoid disrupting the ongoing public infrastructure projects. If Condotte were to exit the market abruptly, it would be difficult for a competitor to step in immediately to fully replicate Condotte's role without risking further delays in infrastructure projects; and
- Condotte plays an important role in the construction sector not only because of the large number of direct jobs it provides but also because of the much larger number of indirect jobs and commercial links it sustains with subcontractors and suppliers;
- the company's liquidity needs over the next months are based on reasonable assumptions.

Italy also committed to notify to the Commission the end of the State guarantee, the liquidation of the company or a restructuring plan within six months.

The Commission therefore concluded that the measure is in line with EU State aid rules as it will allow Condotte to keep operating and prevent delays to public infrastructure projects, while the short duration of the measure will reduce the distortion of competition potentially triggered by the State support to a minimum.

Background

Condotte operates as a sole contractor or in joint ventures with other construction companies through consortia or similar legal entities, which participate in varying proportions and/or phases of the works. Condotte ranks third among the 50 largest Italian construction companies, and 31st in Europe.

After getting into financial difficulties and being declared insolvent by the competent court, Condotte is at present managed by three commissioners appointed by the Italian government with the mandate to dispose of the company. Restarting business operations now depends on Condotte meeting its payment obligations for existing projects and works as soon as possible. This will in turn help support the transfer of the assets to one or several interested investors taking over Condotte in an open procedure.

The non-confidential version of today's decisions will be made available under the case number SA.52170 in the [State Aid Register](#) on the Commission's [Competition website](#) once any confidentiality issues have been resolved. New publications of state aid decisions on the internet and in the Official Journal are listed in the [State Aid Weekly e-News](#).

State aid: Commission finds no aid in €1.1 billion extension of Athens International Airport concession

Commissioner Margrethe **Vestager**, in charge of competition policy, said: *"The Commission has found that the €1.1 billion fee that will be paid by AIA for the 20 year extension of the Athens airport concession corresponds to a market price. This means that AIA will not benefit from any State aid in the form of an unduly low fee for the concession. The Commission cooperated actively with the Greek authorities to reach this positive result, which is one of the most important economic transactions under the Greek privatisation programme."*

Athens International Airport Eleftherios Venizelos is operated by the Athens International Airport S.A. (AIA) under a concession agreement covering the period 1996 to 2026. Under the measure notified by Greece to the Commission, this concession will be extended until 2046, against the payment of an increased fee.

Under EU rules, a concession for the commercial operation of infrastructure can be considered free of State aid if it is awarded on terms that a private company operating under market conditions would also have accepted when granting a concession for similar assets.

The Commission found that the initial value of the extended concession proposed by AIA, amounting to €484 million, was based on financial and business parameters that were not in line with market conditions. A private operator would not have accepted such an offer, and therefore the extension of the concession on these terms would have constituted State aid.

Greece cooperated actively with the Commission to determine the adequate

market value of the extended concession, which would no longer entail State aid. Following these exchanges, the fee to be paid by AIA to Greece was significantly increased to €1,115 million.

In the light of this increased price, the Commission found that the extended concession involves no State aid because AIA will pay an adequate market fee to continue operating Athens International Airport.

Today's Commission decision finding no aid in the extension of the concession is one of the conditions that needs to be satisfied before the agreement to extend the concession can become effective.

The Commission services have also assessed the extension under the "[Public procurement ex-ante assessment mechanism](#)" launched in [October 2017](#) and concluded that it does not raise concerns regarding its compatibility with EU law in the field of public procurement.

Background

The extension of the Athens International Airport concession is one of the transactions included in the Greek Government's privatisation programme, to which Greece committed under the ESM stability support programme (which was successfully concluded on 20 August 2018).

The non-confidential version of the decision will be made available under the case number [SA.48509](#) in the [State Aid Register](#) on the [DG Competition](#) website, once any confidentiality issues have been resolved. New publications of state aid decisions on the internet and in the Official Journal are listed in the [State Aid Weekly e-News](#).