



House of Commons  
European Scrutiny Committee

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**Sixth Report of Session  
2019–21**

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*Documents considered by the Committee on  
30 April 2020*

*Report, together with formal minutes*

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## Notes

### Numbering of documents

Three separate numbering systems are used in this Report for European Union documents:

Numbers in brackets are the Committee's own reference numbers.

Numbers in the form "5467/05" are Council of Ministers reference numbers. This system is also used by UK Government Departments, by the House of Commons Vote Office and for proceedings in the House.

Numbers preceded by the letters COM or SEC or JOIN are Commission reference numbers.

Where only a Committee number is given, this usually indicates that no official text is available and the Government has submitted an "unnumbered Explanatory Memorandum" discussing what is likely to be included in the document or covering an unofficial text.

### Abbreviations used in the headnotes and footnotes

AFSJ	Area of Freedom Security and Justice
CFSP	Common Foreign and Security Policy
CSDP	Common Security and Defence Policy
ECA	European Court of Auditors
ECB	European Central Bank
EEAS	European External Action Service
EM	Explanatory Memorandum (submitted by the Government to the Committee) *
EP	European Parliament
EU	European Union
JHA	Justice and Home Affairs
OJ	Official Journal of the European Communities
QMV	Qualified majority voting
SEM	Supplementary Explanatory Memorandum
TEU	Treaty on European Union
TFEU	Treaty on the Functioning of the European Union

### Euros

Where figures in euros have been converted to pounds sterling, this is normally at the market rate for the last working day of the previous month.

### Further information

Documents recommended by the Committee for debate, together with the times of forthcoming debates (where known), are listed in the European Union Documents list, which is published in the House of Commons Vote Bundle each Monday, and is also available on the parliamentary website. Documents awaiting consideration by the Committee are listed in "Remaining Business": [www.parliament.uk/escom](http://www.parliament.uk/escom). The website also contains the Committee's Reports.

\*Explanatory Memoranda (EMs) and letters issued by the Ministers can be downloaded from the Cabinet Office website: <http://europeanmemoranda.cabinetoffice.gov.uk/>.

## Staff

The staff of the Committee are Ravi Abhavarante (Office Support Assistant), Joanne Dee (Deputy Counsel for European Legislation), Alistair Dillon and Leigh Gibson (Clerk Advisers), Nat Ireton and Apostolos Kostoulas (Committee Assistants), Luanne Middleton (Second Clerk), Daniel Moeller (Senior Committee Assistant), Jessica Mulley (Clerk), Foeke Noppert (Clerk Adviser), Indira Rao (Counsel for European Legislation), Paula Saunderson (Office Support Assistant), Sibel Taner (Second Clerk), Emily Unwin (Deputy Counsel for European Legislation) George Wilson (Clerk Adviser), Beatrice Woods (Committee Assistant).

## Contacts

All correspondence should be addressed to the Clerk of the European Scrutiny Committee, House of Commons, London SW1A 0AA. The telephone number for general enquiries is (020) 7219 3292/5467. The Committee's email address is [escom@parliament.uk](mailto:escom@parliament.uk).

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# 1 Priority EU energy projects<sup>1</sup>

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**This EU document is politically important because:**

- it will be applicable during the transition period;
- is relevant to the future EU-UK relationship; and
- raises post-Brexit policy questions.

**Action**

- Write to the Minister raising outstanding queries concerning post-Brexit policy.

## Overview

1.1 The Delegated Regulation confers special status on 151 EU-wide energy geographical infrastructure projects, including 15 involving the UK (12 electricity interconnectors, two electricity storage projects and one carbon dioxide network transport project). The UK projects will continue to enjoy priority status during the transition period, but their future after that is uncertain.

1.2 These Projects of Common Interest (PCIs) are specific energy infrastructure projects that are deemed critical for completing the European internal energy market, achieving the Union’s energy policy objective of affordable, secure and sustainable energy, and for attaining the Union’s climate objectives. PCI projects, when built, will also contribute to meeting the Union interconnection target of 10% by 2020 (though pockets of low interconnection still remain) and the 2030 target of 15%.

1.3 PCI status confers the following benefits:

- improved regulatory treatment for allocating costs cross-border as appropriate according to net benefits and regulatory incentives;
- accelerated and streamlined permit-granting procedure, including the binding three-and-a-half years’ time limit;
- a single national competent authority acting as a one-stop shop for permit granting procedures;
- strengthened transparency and improved public consultation; and
- the possibility of receiving financial assistance under the Connecting Europe Facility (CEF).

1.4 In his [Explanatory Memorandum](#), the Minister of State for Business, Energy and Clean Growth (Rt Hon. Kwasi Kwarteng MP) describes the list as welcome, noting that the UK “has done well”. He explains that the projects involving the UK will continue to

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<sup>1</sup> Commission Delegated Regulation of 31.10.2019 amending Regulation (EU) No 347/2013 of the European Parliament and of the Council as regards the Union list of projects of common interest; Council document [10743/19](#) + ADDs 1–2, C(19) 7772; Legal base: Article 3(4) and 16 of Regulation (EU) No 347/2013; Department: Business, Energy and Industrial Strategy; Devolved Administrations: consulted; ESC number: 40937.

enjoy the priority status during the transition period. After that, the UK would expect the projects to continue irrespective of PCI status, provided that there is a commercial case and benefit to the country or countries concerned.

1.5 The Minister's comments confirm application during the transition period but imply uncertainty about the future of the projects thereafter. This has implications not only for the UK but for the other partner countries.

1.6 In terms of the future UK-EU relationship, the negotiating mandates adopted by the respective parties both support future cooperation on the effective trading of energy across borders, including through interconnectors. They make no mention of the Projects of Common Interest, although the UK's mandate excluded the "Connecting Europe Fund" from the list of EU programmes in which the UK would consider engaging in the future.

## Action

1.7 On the basis that the Regulation will be relevant to the UK during the transition period and raises post-transition policy issues, we have written to the Minister as set out below seeking further information on the status of these projects after the transition period.

### *Letter from the Chair to the Minister of State for Business, Energy and Clean Growth (Rt Hon. Kwasi Kwarteng MP)*

We have considered the above document, noting your comments that the projects involving the UK will continue to enjoy priority status during the implementation period but that their status thereafter is unclear.

We are drawing this document to the attention of the House as politically important for the following reasons: it will be applicable during the implementation period; it is relevant to the future relationship; and it raises post-Brexit policy questions.

We ask that you inform us within ten working days as to:

- what the default regulatory approach to the planning and operation of interconnectors would be in the event that the UK and EU fail to agree any terms for future technical cooperation on the planning and use of energy infrastructure;
- the process and timetable for establishing — irrespective of PCI status — that there is a commercial case and benefit to the country or countries concerned;
- the terms under which this type of cooperation might continue after the end of the transition period;
- whether the UK would consider participation in the Connecting Europe Fund in the future, despite its exclusion from the UK's negotiating mandate; and
- how you are engaging with affected stakeholders both in the UK and elsewhere.

## 2 Continuity of trade agreements: South Korea<sup>2</sup>

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**This EU document is legally and politically important because:**

- it concerns the “rollover” of the EU’s Free Trade Agreement with the Republic of Korea so that its terms are replicated in a UK Free Trade Agreement with Korea which will apply at the end of the post-exit transition period; and
- it raises questions about the nature and degree of regulatory alignment that these rollover or continuity agreements may entail for the UK.

### Action

- Seek further information from the Minister for Digital and Culture (Caroline Dinenage MP).
- Draw to the attention of the International Trade Committee and the Digital, Culture, Media and Sport Committee.

### Overview

2.1 The Free Trade Agreement (FTA) between the European Union and the Republic of Korea includes a [Protocol on Cultural Cooperation](#). Its purpose is to facilitate exchanges in cultural activities, goods and services, including in the audio-visual sector. Article 5 of the Protocol establishes a framework for the co-production of audio-visual works so that these collaborative projects can benefit from schemes promoting local/regional cultural content. Co-productions which fulfil the conditions set out in Article 5 can be considered as European works within the EU and Korean works within Korea. The benefits conferred by Article 5 must be renewed every three years. The [proposal for a Council Decision](#) would authorise the renewal (on behalf of the EU) for a further period of three years from 1 July 2020 to 30 June 2023.

### *The Government’s position*

2.2 In her [Explanatory Memorandum of 6 April 2020](#), the Minister for Digital and Culture (Caroline Dinenage MP) says that the EU/Korea FTA is part of the UK’s [Trade Agreements Continuity Programme](#).<sup>3</sup> The Protocol on Cultural Cooperation has been replicated in the FTA between the UK and the Republic of Korea which will come into force on 1 January 2021, immediately after the date on which the Government intends the post-exit transition period provided for in the EU/UK Withdrawal Agreement to end. The

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<sup>2</sup> Proposal for a Council Decision on the extension of the entitlement for co-productions as provided for in Article 5 of the Protocol on Cultural Cooperation to the Free Trade Agreement between the EU and its Member States, of the one part, and the Republic of Korea, of the other part; Council document 6587/20, COM(20) 92; Legal base — Articles 167(3) and 218(6) TFEU, QMV, EP consent; Department — Digital Culture, Media and Sport Dept; Devolved Administrations consulted; ESC number 41122.

<sup>3</sup> See the Government’s guidance on existing UK trade agreements with non-EU countries: <https://www.gov.uk/guidance/uk-trade-agreements-with-non-eu-countries>

Government supports the renewal of the provisions in Article 5 of the EU/Korea Protocol for a further three years as “it will be replicated within the UK/Republic of Korea FTA”. The Minister adds:

Audio-visual producers, distributors and investors in the UK see a continuation of European Works (EW) status when the UK leaves the EU as critical in securing guaranteed access to EU audio-visual markets and continued investment in content and facilities in the UK.

While in headline terms the UK will continue to benefit from EW status after we leave the EU at the end of the transition period (through being a signatory to the European Convention on Transfrontier Television), we see the current EU/Republic of Korea agreement on European Works status for co-productions as a potentially helpful precedent to rely on in the future.

### Analysis

2.3 The Government’s [Command Paper](#), *Continuing the United Kingdom’s Trade Relationship with the Republic of Korea*, published in September 2019, explains that the UK/Korea FTA “transitions the Protocol on Cultural Cooperation of the EU-Korea FTA” except for two amendments. First, Article 5(4) of the [Protocol on Cultural Cooperation](#) of the UK/ Korea FTA makes audio-visual co-productions eligible for UK (rather than EU) schemes for the promotion of local/regional cultural content. Second, a footnote to Article 5(4) states:

For greater certainty, the UK will comply with its European Works obligations as derived from its status as Party to the Council of Europe Convention on Transfrontier Television and will implement non-discriminatory treatment as envisaged by the definition of European Works in Directive 89/552/EEC as amended by Directive 2007/65/EC, or by its subsequent amendments. For the purposes of this footnote, Article 1.3 of this Agreement shall not apply.<sup>4</sup>

2.4 The intention seems to be that the entitlement given to a third country co-producer of audio-visual works to benefit from schemes promoting local/regional cultural content (in the EU or, by extension, in the UK) is dependent on there being no discriminatory treatment of European co-producers in the third country concerned.<sup>5</sup>

2.5 The Government explains in its Command Paper that this footnote “has been added in the UK-Korea Free Trade Agreement, for clarity and simply outlines existing UK obligations. It provides for no additional obligations. These derive from its status as a party to the Council of Europe Convention on Transfrontier Television”. If this is the case, it is not clear why a reference to the definition of European Works in an EU Directive, including *subsequent* amendments to that definition, is necessary.

4 Article 1(3) of the Protocol provides: “While preserving and further developing their capacity to elaborate and implement their cultural policies, with a view to protecting and promoting cultural diversity, the Parties shall endeavor to collaborate with the aim of improving the conditions governing their exchanges of cultural activities, goods and services and redressing the structural imbalances and asymmetrical patterns which may exist in exchanges”.

5 See Article 1(n) of [Directive 2007/65/EC](#) amending Council Directive 89/552/EEC on the coordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the pursuit of television broadcasting activities.

2.6 Under the EU (Withdrawal) Act 2018, domestic regulations made to implement the Directives referred to in the footnote and any amendments made to them *during* the post-exit transition will form part of retained EU law and continue to apply in the UK after the transition period, unless and until amended or repealed by Parliament. This is not the case for changes to EU law made *after* the post-exit transition period has ended. That said, the Act does not prevent the UK from entering into a commitment, when concluding agreements with third countries, to apply or replicate changes to EU law made after the end of the transition period if it considers that this would be in the UK’s interest. This, however, goes to the heart of the legal and regulatory autonomy that the Government intends to take back once the post-exit transition period ends.

## Action

2.7 Write to the Minister asking her to clarify:

- whether the way in which the UK has replicated the EU/Korea FTA, notably the Protocol on Cultural Cooperation, in its own UK/Korea Free Trade Agreement, will entail some (albeit modest) degree of continued regulatory alignment with the EU after the post-exit transition period has ended; and
- whether other continuity agreements concluded by the UK with EU trade partners include some element of ongoing (dynamic) regulatory alignment with EU law.

### *Letter to the Minister for Digital and Culture (Caroline Dinanage MP) at the Department for Digital, Culture, Media and Sport*

Thank you for your [Explanatory Memorandum of 6 April 2020](#) on a [proposed Council Decision](#) stating the EU’s support for a further three-year extension of Article 5 of the Protocol on Cultural Cooperation (part of the wider EU/Republic of Korea Free Trade Agreement) to enable co-produced audio-visual works to benefit from EU and Korean schemes promoting local/regional cultural content. We note your support for the extension and wish to make clear that we also have no objection.

You explain that the UK has concluded its own Free Trade Agreement with the Republic of Korea which will come into force on 1 January 2021, after the post-exit transition period has ended, and that this Agreement replicates the EU/Korea Free Trade Agreement, including the Protocol on Cultural Cooperation. You indicate that the agreement with Korea will ensure that co-productions between the UK and Korea continue to qualify for “European Works status” and provides “a potentially helpful precedent to rely on in the future” when negotiating similar agreements with other third countries.

The [UK/Korea Protocol on Cultural Cooperation](#) makes some necessary adjustments to the EU/Korea Protocol by, for example, replacing EU schemes for the promotion of local/regional content with UK schemes. The UK/Korea Protocol also includes a new footnote stating:

For greater certainty, the UK will comply with its European Works obligations as derived from its status as Party to the Council of Europe Convention on Transfrontier Television *and will implement non-discriminatory treatment*

*as envisaged by the definition of European Works in Directive 89/552/EEC as amended by Directive 2007/65/EC, or by its subsequent amendments (our emphasis).*

We ask you to explain:

- why the inclusion of a reference to the definition of “European Works” in an EU Directive, including *subsequent* amendments to that definition, is necessary;
- whether the inclusion of “subsequent amendments” to the EU Directive means that the UK will be bound by any changes to the definition of “European works” in EU law made *after* the post-exit transition period has ended;
- whether you accept that an obligation of this nature entails some (albeit modest) degree of continued regulatory alignment with the EU after transition, thereby limiting the UK’s legal and regulatory autonomy; and
- whether other continuity agreements concluded by the UK with EU trade partners include some element of ongoing (dynamic) regulatory alignment with EU law.

We ask you to respond within ten working days.

## 3 UK engagement in fisheries decision-making processes<sup>6</sup>

These EU documents are politically important because they:

- affect the UK during the transition period.

### Action

- Report to the House.

### Overview

3.1 Over the last two years, our predecessors have corresponded with Ministers about how the UK would engage in EU fisheries decision-making during a transition period which, at one point, was due to last at least 21 months. This correspondence has been based on documents concerned largely with implementing the landing obligation (‘discard ban’) in the North Sea and in the North Western Waters (seas to the south and west of the UK) over the period 2019–2021. The issue is significant for the UK industry as the EU’s plans permitted some exemptions from the discard ban for specific species under certain conditions, but subject in some cases to review and, potentially, further amendment.<sup>7</sup>

3.2 The Parliamentary Under Secretary of State (Victoria Prentis MP) [wrote](#) to us on 13 March 2020 with a latest update, explaining that:

- the UK and European Commission had agreed that UK industry and Non-Governmental Organisations, may attend the North Sea and North Western Waters Advisory Council meetings (non-Governmental stakeholder led groups) when matters of interest are being discussed; and
- the UK Government will no longer be attending North Sea and North Western Waters Regional Group meetings (which only Government representatives of EU Member States attend). The Government will consider how best to engage with these groups going forward, to jointly manage shared stocks.

6 (a) Report from the Commission in respect of the delegation of powers referred to in Article 11(2), Article 15(2), (3), (6), (7) and Article 45(4) of Regulation (EU) No 1380/2013 of the European Parliament and of the Council of 11 December 2013 on the Common Fisheries Policy (b) (Commission Delegated Regulation of 18 October 2018 specifying details of implementation of the landing obligation for certain demersal fisheries in the North Sea for the period 2019–21 (c) Commission Delegated Regulation of 18 October 2018 establishing a discard plan for certain demersal fisheries in North-Western Waters for the period 2019–21 (d) Commission Delegated Regulation of 1.10.2019 specifying details of the landing obligation for certain demersal fisheries in North-Western waters for the period 2020–2021; (e) Commission Delegated Regulation of 1.10.2019 specifying details of implementation of the landing obligation for certain demersal fisheries in the North Sea for the period 2020–2021; Council and COM references: (a) [6579/18](#), COM(18) 79 (b) [13413/18](#), C(2018) 6793, (c) [13457/18](#), C(2018) 6789 (d) [12739/19](#), C(19) 7048; (e) (40858), [12741/19](#), C(19) 7078; Legal base (a) — (b) Regulation (EU) 2018/973 (c) Regulation (EU) No 1380/2013 (d) Regulation (EU) 2019/472 and Regulation (EU) 2019/1241 (e) Regulation (EU) 2018/973 and Regulation (EU) 2019/241; Department: Environment, Food and Rural Affairs; Devolved Administrations: Consulted; ESC numbers: (a) 39516 (b) 40157 (c) 40158 (d) 40857 (e) 40858.

7 Exemptions of particular interest to the UK were identified by the Minister in her [letter](#) to the House of Lords EU Committee dated 16 March 2020.

3.3 Her letter followed an earlier [letter](#) of 10 December 2019 from the then Minister (Rt Hon. George Eustice MP) which did not address how the UK would engage with relevant Member States in order to jointly manage shared stocks. While that matter is clearly unresolved, we welcome the involvement of UK entities in the Advisory Council meetings.

3.4 We are separately considering the Regulation on fishing opportunities for 2020, including questions about how the UK is being consulted during the transition period.

### **Action**

3.5 As the question of UK engagement in EU fisheries decision-making during the transition period is being pursued in a separate strand of correspondence, we do not pursue it here. We report the information that we have received from the Government to the House and do not require any further information on the underlying documents.

## 4 EU-Greenland Fisheries Agreement<sup>8</sup>

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**This EU document is legally and politically important because it:**

- may be applicable during the implementation period
- raises post-Brexit policy questions

### Action

- Write to the Department seeking further information
- Draw to the attention of the Environment, Food and Rural Affairs Committee

### Overview

4.1 The European Commission proposed the opening of negotiations for the conclusion of a Sustainable Fisheries Partnership Agreement (SFPA) and Protocol between the EU and Greenland. This would allow the EU fleet to fish surplus resources in Greenland's waters in exchange for an EU access fee and EU support for Greenland's fisheries sector. The current arrangements expire on 31 December 2020.

4.2 An evaluation of current arrangements recommended that the negotiations involve re-evaluating various aspects of the Protocol, including the indicative annual fishing opportunities, agreed quotas, financial compensation (from the EU and ship-owners) based on prices, and electronic catch reporting. Furthermore, with the aim of improving sustainable fisheries management in Greenland, the amount and focus of the EU's sectoral support may be reassessed.

4.3 The then Minister of State for Agriculture, Fisheries and Food (Rt Hon. George Eustice MP) noted in his [Explanatory Memorandum](#) (EM) that the Council Decision was adopted in December and that the UK abstained. The first round of negotiations was due to take place in Copenhagen in mid-January.

4.4 The then Minister added that any Agreement agreed and ratified during the post-Brexit transition period would apply to the UK, but that it would not do so after that period. He confirmed that the UK has substantive fishing interests. The then Minister also noted that the Government supported the recommendations from the evaluation of the current Agreement.

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8 Recommendation for a Council Decision authorising the opening of negotiations on behalf of the EU for the conclusion of a sustainable fisheries partnership agreement and a protocol with Denmark and the Home Rule Government of Greenland; EU document references: [13389/19](#) + ADDs 1–3, COM(19) 491; Legal base: Articles 43(2), 218(3) and 218(4) TFEU, QMV; Department: Environment, Food and Rural Affairs; Devolved Administrations: Consulted; ESC number: 40911.

4.5 The Prime Minister has made clear that the transition period will end on 31 December 2020, though this will only be legally certain under the terms of the Withdrawal Agreement on 30 June 2020—the deadline for the EU and UK to agree a one-off extension for up to one or two years.<sup>9</sup>

## Action

4.6 While noting that the Agreement is highly unlikely to apply to the UK, its application remains possible. We have written to the Minister, as set out below, seeking further information on both the EU-Greenland Agreement and a UK-Greenland Agreement.

### *Letter from the Chair to the Parliamentary Under Secretary of State at the Department for Environment, Food and Rural Affairs (Victoria Prentis MP)*

We have considered the above document, noting that the Council Decision was agreed prior to the UK's departure from the EU and that the UK abstained.

We are drawing this document to the attention of the House as politically important for the following reasons: it may be applicable during the implementation period; and it raises post-Brexit policy questions.

We ask that you provide the following information within ten working days:

- your assessment of the likelihood that the EU-Greenland agreement might apply before 1 January 2021 and therefore apply to the UK before the end of transition period;
- the nature of the UK's intended engagement on these negotiations, including how the UK's interests are being protected;
- any aspects of the evaluation of the current EU-Greenland agreement that the Government consider should inform the UK's arrangements for fishing in Greenlandic waters from 1 January 2021;
- the extent to which the future EU-Greenland agreement might affect the UK's own arrangements with Greenland; and
- what work is being undertaken on a UK-Greenland fisheries agreement.

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9 Article 132 of the EU/UK Withdrawal Agreement empowers the EU/UK Joint Committee to agree an extension of the transition period of up to one or two years by 30 June 2020. Section 15A of the [European Union \(Withdrawal\) Act 2018](#) prohibits a Minister representing the UK in the Joint Committee from agreeing to an extension. For the UK to agree to an extension in the Joint Committee would require a statutory amendment.

## 5 Tuna fisheries management<sup>10</sup>

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**This EU document is politically important because:**

- it is relevant to the future EU-UK relationship; and
- raises post-Brexit policy questions.

**Action**

- Report to the House as politically important.
- Draw to the attention of the Environment, Food and Rural Affairs Committee.

### Overview

5.1 The European Commission’s proposed Regulation on the multiannual management of bluefin tuna in the Eastern Atlantic and Mediterranean was adopted by EU Ministers in January 2020. While not of direct relevance to the UK, the Government took the opportunity to note that the UK may attempt to secure tuna fishing quota post-Brexit.

5.2 The EU legislation reflects agreements reached within the International Commission for the Conservation of Atlantic Tunas (ICCAT) on a multiannual management plan for bluefin tuna in the eastern Atlantic and the Mediterranean.

5.3 The then Minister of State for Agriculture, Fisheries and Food (Rt Hon. George Eustice MP) observed in his [Explanatory Memorandum](#), that the UK currently has no quota to target bluefin tuna in the north east Atlantic and it is a prohibited species for both UK commercial and recreational fishers.

5.4 That said, he noted that increasing numbers of Bluefin tuna had been observed in UK waters in recent years, as evidenced anecdotally and through the “Thunnus UK” project. He said that there was increased interest in securing bluefin tuna quota post-Brexit. Consideration was being given, he explained, to how such quota may be secured for the UK, for example via the EU exit fisheries negotiations.

5.5 The Regulation itself is of little direct interest to the UK, but the wider question of bluefin tuna management and UK access to quota is clearly of political interest. The Minister notes that access to quota will be pursued through the EU exit negotiations, but discussions would also need to take place within ICCAT, which is where the allocation of quota between contracting parties takes place. The UK will become a contracting party of ICCAT at the end of the transition period.

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10 Proposal for a Regulation establishing a multiannual plan for bluefin tuna in the Eastern Atlantic and the Mediterranean; Council document [14710/19](#) + ADD 1, COM(19) 619; Legal base: Article 43(2) TFEU, QMV; Department: Environment, Food and Rural Affairs; Devolved Administrations: consulted; ESC number: 40977.

## Action

5.6 We draw this matter to the attention of the House as politically important because it raises post-transition policy issues and is relevant to the future relationship between the UK and the EU. We do not pursue these matters with the Minister but draw them to the particular attention of the Environment, Food and Rural Affairs Committee.

## 6 Green finance: the EU's sustainable investment taxonomy<sup>11</sup>

This EU document is legally and politically important because:

- it creates a novel framework, or ‘Taxonomy’, for the assessment of the environmental sustainability of any given economic activity, which may serve as a template for the UK’s future ‘green finance’ approach after the post-Brexit transition period.

### Action

- Write to the Economic Secretary to the Treasury (John Glen MP) requesting further information on the possible implementation of the Sustainability Taxonomy in the UK.

### Overview

6.1 In December 2019/April 2020, the EU agreed/established a “[Sustainable Investment Taxonomy](#)”,<sup>12</sup> a novel instrument that sets criteria for determining whether a particular economic activity can be said to contribute substantially to one of six environmental objectives<sup>13</sup> (to establish, in turn, the degree to which *investment* in that activity could be considered sustainable and conducive to that objective, as an aid to environmentally-conscious investors).<sup>14</sup> The European Commission is currently working on detailed screening criteria to implement the Taxonomy Regulation, with an initial focus on developing ways of measuring an economic activity’s impact on climate change mitigation and adaptation. It is due to take effect gradually from the end of 2021 onwards, but the implications of the coronavirus lockdown on this timetable are unclear.

6.2 Once in effect, the way the Taxonomy will have practical effect is twofold. Both the EU and the Member States will have to use the Taxonomy as and when legislating for “any measures setting out requirements [for] [...] financial products or corporate bonds that are made available as ‘environmentally sustainable’”, for example when introducing a

11 Document: Proposal for a Regulation on the establishment of a framework to facilitate sustainable investment; Council and COM number: 9355/18 + ADDs 1–2, COM(18) 353; Legal base: Article 114 TFEU; Department: HM Treasury; Devolved Administrations not consulted; ESC number: 39806.

12 The Taxonomy is part of a larger package of EU measures — the “[Green Finance](#)” package — that aim to ensure the financial services industry plays its part in the fight against climate change. The overall aim of the proposals is to channel more investment into sustainable activities by incorporating ‘Environmental, Social and Governance’ (ESG) considerations into investment industry practices. The Commission argues this would benefit the environment and lead to more sustainable economic growth (as well as being in the industry’s own interest by reducing insurance claims related to environmental damage and ensuring the viability of long-term investments).

13 The six environmental objectives for which the Sustainability Taxonomy sets criteria to determine whether an economic activity is of benefit are: climate change adaptation and mitigation; sustainable use and protection of water and marine resources; the transition to a circular economy; pollution prevention and control; and the protection and restoration of biodiversity and ecosystems.

14 More concretely, to be classified as ‘sustainable’ under the Taxonomy, an economic activity will have to “contribute substantially” to one of the environmental objectives; avoid any “significant harm” to the environmental objectives; and meet certain “minimum social safeguards” in the form of ILO Conventions.

statutory “[green bond](#)” label.<sup>15</sup> In addition, the Taxonomy Regulation will apply directly to the financial companies that sell investment products in any of the EU’s 27 Member States (even if not marketed as ‘green’).<sup>16</sup> It requires that such companies either make regular disclosures to investors about the extent to which their products can be considered ‘sustainable’ under the terms established by the Taxonomy,<sup>17</sup> or include a disclaimer that a particular investment product does “not take into account the EU criteria for environmentally sustainable investments”.<sup>18</sup>

6.3 The legislative process to establish the Sustainability Taxonomy highlighted several areas of disagreement between the Member States and within the European Parliament. Notably, EU countries were divided on whether energy generation from nuclear power and gas should be considered ‘sustainable’, which has resulted in ambiguities in the legal text.<sup>19</sup> The final Regulation also contains a category of “transitional” activities, which could allow activities otherwise classified as non-sustainable, like for example nuclear energy or steel manufacturing, to be classified as ‘sustainable’ if there is “no technologically and economically feasible low carbon alternative” and the activity “has greenhouse gas emission levels that correspond to the best performance in [its] sector or industry”.<sup>20</sup> The extent to which the Regulation defines sustainability in terms of forestry management was also controversial.<sup>21</sup> Ultimately, Sweden voted against the new Taxonomy when the legal text was [formally approved](#) by the Member States on 15 April 2020, while Bulgaria, Hungary, Poland and Austria abstained.

6.4 The first detailed screening criteria of economic activities under the Taxonomy, for impact on climate change mitigation and adaptation, are due to be published by the end of 2020, and are likely to draw controversy.<sup>22</sup> The European Commission must publish a report by the end of 2021 with recommendations on how the Taxonomy could set out more clearly when an economic activity does *not* contribute meaningfully to sustainability, or

15 This means, for example, that if an individual EU country wanted to introduce a product label for investment bonds which can be marketed as making a positive contribution to climate change adaptation, it would have to use the criteria set out in the Regulation to determine whether it a particular bond did indeed make such a contribution. Conversely, the intention is that an investment product which did not qualify as “sustainable” under the Taxonomy Regulation could not be marketed as such under a (future) statutory national labelling scheme in an EU Member State.

16 As a Single Market measure, the Taxonomy is expected to be extended to Norway, Iceland and Liechtenstein under the terms of the EEA Agreement in due course.

17 The assessment of whether the criteria under the Taxonomy are met to classify an investment as “sustainable” is the responsibility of the firm issuing the bond, ultimately subject to oversight by their country’s markets regulator.

18 In the absence of further EU or national rules, the Regulation does *not* in itself prevent a firm from marketing a financial product as ‘green’ even if it does not meet the conditions set out in the Taxonomy for a particular environmental objective.

19 In a [letter dated 7 January 2020](#), the Economic Secretary to the Treasury — outlining the substance of the Taxonomy as agreed between the Member States and the European Parliament — said “the ultimate inclusion of nuclear energy in the taxonomy remains unclear, however the [legal provisions] do leave scope for its inclusion as a ‘transitional activity’”.

20 The Regulation states: “The technical screening criteria [for determining sustainability] shall ensure that power generation activities that use solid fossil fuels” — e.g. coal — “are not considered environmentally sustainable economic activities”.

21 Austria, Czech Republic, Estonia, Latvia, Poland, Slovakia and Sweden [called](#) for “a clear and unambiguous reference to Forest Europe’s definition of ‘sustainable forest management’” in the Taxonomy Regulation, whereas Germany [expressed concerns](#) that “the formulation of forest policies is the competence of the Member States” and therefore “the use of delegated acts to define sustainability criteria in relation to the forestry sector should not prejudice any shift of competence from the Member States to the EU”.

22 The detailed screening criteria will take the form of Delegated Acts, a type of EU statutory instrument. They will be tabled by the European Commission, but can be blocked by either the European Parliament or a qualified majority of Member States.

in fact is actively harmful. That report will also assess the possibility of introducing more detailed preconditions with respect to social and employment conditions for an activity to qualify as ‘sustainable’.<sup>23</sup>

6.5 Separately, the European Commission is considering whether to take forward a [June 2019 report](#) on an “EU green bond standard” which could lead to the introduction of a voluntary or binding product label for such investment products based on the Taxonomy at EU-level. It had been due to publish an overarching “Sustainable Finance Strategy” for the EU in the third quarter of 2020, but this may be delayed due to the coronavirus pandemic.

### **The Government’s position**

6.6 The Government has been broadly supportive of the EU’s work in developing the Taxonomy.<sup>24</sup> In a [letter dated 7 January 2020](#), by which the Economic Secretary to the Treasury (John Glen MP) informed us of the agreement reached at EU-level on the new Regulation, the Minister added that the UK had expressed its support for the final legislative text and emphasised the “importance the Government attaches to both the development of the taxonomy and of sustainable finance as a whole”. He did, however, express concern over certain ambiguities in the legal drafting that meant it is “unclear” if investment in nuclear energy could be classified as sustainable under the Taxonomy.<sup>25</sup>

6.7 The new regulatory framework for sustainable investments is not expected to apply in the UK as a matter of EU law, because it will become operational only from 31 December 2021. That is well beyond the scheduled end of the post-Brexit transitional period at the end of this year.<sup>26</sup> While the EU’s approach to classifying investments by sustainability may provide a model for the UK, the Treasury has not, as of April 2020, made any commitments in this regard.

### **Action**

6.8 The Committee has taken note of the adoption of the Sustainability Taxonomy, which it considers will be of interest to both the Treasury Committee and the Environmental Audit Committee. It has also written to the Economic Secretary to the Treasury (John Glen MP) to clarify if the Government is considering introducing the Taxonomy, potentially in a modified form, in the UK.

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23 In 2022, the Commission is due to publish its first review of the implementation of the Taxonomy and its effectiveness in channelling more investment into sustainable activities.

24 The Treasury’s initial [Explanatory Memorandum](#) on the taxonomy proposal, submitted to Parliament in June 2018, reiterated the Government’s support for the ‘green finance industry’ because it is an area where the UK “has significant expertise and thus stands to benefit from any increased export potential in this market”.

25 More specifically, the Minister’s letter stated: “[The] compromise text resulted in a number to small changes throughout the text which together, increase the chances for nuclear energy to be able to demonstrate its ability to be ‘substantially contribute’ to climate mitigation under Article 6. However, no changes were secured against the ‘Do No Significant Harm’ criteria under Article 12. The ultimate inclusion of nuclear energy in the taxonomy remains unclear, however the changes do leave scope for its inclusion as a ‘transitional activity’.”

26 While the Withdrawal Agreement with the EU provides for the possibility of extending the transition period, and therefore the supremacy of EU law, for a period of up two years until 31 December 2022, [Section 15A](#) of the European Union (Withdrawal) Act 2018 states that “a Minister [...] may not agree [...] to an extension of the [transition] period”.

## *Letter from the Chair to the Economic Secretary to the Treasury (John Glen), 29 April 2020*

### *The EU's Taxonomy for sustainable investment*

Thank you for your update of 7 January 2020 on the negotiations to establish an EU-wide Sustainability Taxonomy to assess the environmental impact of economic activity, as an aid to investors.<sup>27</sup> The Committee has taken note of the political endorsement of the Regulation establishing the Taxonomy by the European Parliament and the 27 remaining Member States, and its imminent formal adoption by the Council of Ministers.

The practical impact of this new framework for classifying investments by sustainability is untested and uncertain, and those with an interest in “green finance” will take a close interest in the European Commission’s upcoming review of this novel approach in 2022. However, in the absence of binding ‘green’ label criteria for investment products, it appears that firms offering bonds can in practice appear to meet the new ‘sustainability’ criteria with little effort, because the firms themselves decide which information on compliance with the criteria of the Taxonomy to include in their pre-contractual and periodic disclosures.

The Committee notes that the Regulation is not expected to apply in and to the UK given that even before the coronavirus crisis it was due to become applicable only at the end of 2021, well beyond the scheduled end of the post-Brexit transition period in December this year. However, the UK remains of course Europe’s largest financial centre and a hub for investment activity, and in your latest letter you stated the Government attaches considerable importance to “the taxonomy and [to] sustainable finance as a whole”. We therefore ask you to write to us by the end of May to clarify whether the Government is considering establishing a similar legally-binding Sustainability Taxonomy domestically for investment products.

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27 EU Document 39806, 9355/18, COM(2018) 353.

## 7 EU budget for 2018: Court of Auditors Reports<sup>28</sup>

**These EU documents are legally and politically important because:**

- these reports contain the European Court of Auditors’ assessment of how the EU spent its €160 billion (£135 billion) budget in 2018, with an overall error rate affecting nearly 3 per cent (€4.3 billion) of expenditure. Under the terms of the financial settlement in the Withdrawal Agreement, the UK will pay for a share of any EU funds committed by the European Commission in 2018 where these are yet to be fully disbursed even after the UK’s formal withdrawal on 31 January 2020.

### Action

- Report the 2018 Court of Auditors reports to the House, given their relevance to the Brexit financial settlement.

### Overview

7.1 In the second half of every year, the European Commission routinely publishes a number of financial reports on the management of the EU budget in the year before. On the basis of those documents, the European Court of Auditors (ECA) subsequently issues audit opinions with respect to the accuracy of the accounts of the EU, as well as on the ‘regularity’ of the transactions (i.e. to what extent they expenditure or revenue was affected by fraudulent or accidental irregularities).

7.2 The European Commission’s latest financial reports, covering the 2018 EU budget, were [published](#) in summer 2019. They showed that out of possible spending commitments of €160.7 billion (£135.4 billion) the EU was authorised to make from its general budget by the Member States and the European Parliament that year, €159.9 billion (£134.7 billion) — 99.5 per cent — was actually used.<sup>29</sup> Because of the EU’s budgetary approach of “[differentiated expenditure](#)” in many areas, a significant amount of spending commitments made from the 2018 budget are yet to be paid out to the recipients.<sup>30</sup>

7.3 Based on the Commission documents, the Court of Auditors in its [annual report](#) for the 2018 EU budget — released on 4 October last year — concluded that the accounts for the various EU institutions and bodies “accurately represent[ed] their financial position,

28 Document details: (a) Annual report of the Court of Auditors on the implementation of the budget concerning the financial year 2018; Council number: 12877/19; Department: HM Treasury; Devolved Administrations: consulted; ESC number: 40861; (b) Annual report of the Court of Auditors on the implementation of the European Development Funds in the financial year 2018; Council number: none; Department: International Development; Devolved Administrations: not consulted; ESC number: 40862; (c) Court of Auditors Report on Annual report on EU agencies for the financial year 2018; Council number: none; Department: HM Treasury; Devolved Administrations: not consulted; ESC number: 40887.

29 In addition, more than €4 billion (£3.4 billion) was also committed separately from the European Development Fund.

30 The difference between funding committed from the EU and that actually paid out is known as the “[reste à liquider](#)” or RAL. By the end of 2020, the European Commission estimates that this gap will have grown to €303 billion (£265 billion), meaning part of the EU’s next long-term budget for 2021–2027 will need to be used to pay off spending commitments made previously.

the results of their operations and their cash flows”.<sup>31</sup> However, the ECA again raised concerns about the level of errors in the way EU funding was spent, saying that the error rate of 2.6 per cent — affecting an estimated €4.3 billion of expenditure — “is still above [the] materiality threshold, but it is not pervasive”.<sup>32</sup> According to the auditors, the overall error rate was driven primarily by erroneous high-risk “reimbursement-based” payments, for example EU funding for research, economic cohesion in poorer Member States, and overseas development assistance.<sup>33</sup> The auditors therefore issued a qualified opinion on payments from the EU budget, saying that “high-risk expenditure [...] is materially affected by error” in 2018.<sup>34</sup>

7.4 With respect to the European Development Fund — a special EU instrument, funded directly by the Member States which finances development assistance in 79 developing countries in Africa, the Caribbean and the Pacific — the auditors went a step further and issued an adverse opinion on the “legality and regularity” of the Fund’s general expenditure, because it was “materially affected by error”.<sup>35</sup>

### **The Government’s position**

7.5 The then-Chief Secretary to the Treasury (Rt Hon. Rishi Sunak MP) submitted an [Explanatory Memorandum](#) on the Court of Auditors report on the 2018 EU budget on 31 October 2019, stating that the Government “welcomes the report’s findings with regards to both the accuracy of the accounts and the continued improvement of their regularity”, but noted that the estimated error level “is still above the ECA’s acceptable threshold of 2% and has risen for the first time in seven years”. As regards the high level of irregularities in expenditure from the European Development Fund, Baroness Sugg, Minister in the Department for International Development, [acknowledged](#) the concerns raised by the auditors but added that “the multi-annual nature” of projects financed by the Fund “means that [they] run over longer periods and corrective measures take time to be reflected in audit reports”.

### **Action**

7.6 The Committee remains concerned about the high rate of error affecting expenditure from the EU budget, given that UK taxpayers will remain partially liable for spending decisions made by the EU until the end of 2020. It notes, however, that the Court of Auditors has stressed that “overall estimated level of error” from the EU budget in 2018 was

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- 31 All of the EU’s agencies received a “clean” (unqualified) audit opinion, except for the European Asylum Support Office (EASO) in Malta, which is severely understaffed leading to irregularities in its procurement practices.
- 32 The overall error rate in 2018 was slightly higher than the 2.4 per cent rate found for the 2017 EU budget. During its 2018 general audit of the EU budget, the Court also came across nine suspected instances of fraudulent use of EU funds, which it reported to OLAF, the EU’s anti-fraud body.
- 33 “Reimbursement-based” payments from the EU budget refers to expenditure in pursuit of an EU policy objective, where recipients recoup some of their incurred costs after the fact from the EU budget under pre-agreed — but complex — conditions, which lead to a high rate of error (e.g. EU payments for non-eligible expenditure). The estimated error rate for this type of EU spending reached 4.5 per cent in 2018, higher than the 3.7 per cent rate found in 2017.
- 34 The ECA report also refers, in paragraph 4.22, to the European Commission’s legal case before the Court of Justice against the UK for alleged evasion of €2.7 billion in customs duty on Chinese imports at UK ports. We provided an update to the House on this dispute separately on 18 March 2020, given its potential financial and political implications.
- 35 Overall, the Court of Auditors estimated that 5.2 per cent of EDF expenditure in 2018 was affected by error, but because of the small sample size it could range from between 1 and 9 per cent.

‘material’ but not ‘pervasive’. While the adverse opinion on the European Development Fund is worrisome, the overall amount of expenditure affected is much smaller than that from the general EU budget. It also mirrors an [assessment](#) by the National Audit Office of spending by the UK’s Department for International Development in 2019, which concluded that the Department needed “to do more” to demonstrate its spending on development assistance “is effective across the full range of activities it supports”.<sup>36</sup>

7.7 In light of this, and given that the Treasury has not raised any specific concerns about the implementation of the EU budget in 2018 based on the documentation provided by the European Commission and the Court of Auditors, the Committee has decided no further follow-up with the new Chief Secretary (Rt Hon. Steve Barclay MP) is necessary. Nevertheless, it considers that continued general scrutiny of the EU’s budgetary management will remain relevant even beyond the UK’s exit from the EU, as the Withdrawal Agreement foresees continued UK payments to the EU for a number of years after Brexit in relation to spending commitments made before 31 December 2020 (including those covered by the 2018 EU budget). It will therefore continue to consider relevant EU budgetary documents in the future.<sup>37</sup>

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36 National Audit Office, “[The effectiveness of Official Development Assistance expenditure](#)” (20 June 2019).

37 As of the UK’s withdrawal from the EU on 31 January 2020, the Government is no longer represented on the EU’s Council of Ministers or its Budget Committee, meaning it can no longer formally provide input or oversight of the way the EU budget is managed by the EU institutions or by other Member States. It does continue to be represented on the Committee of Member States that oversees the European Development Fund, but without voting rights.

## 8 Documents not considered to be legally and/or politically important

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### Department for Business, Energy and Industrial Strategy

(40941) 13889/19 + ADD 1 COM(19) 490	Report from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the mid-term evaluation of the Consumer Programme 2014–2020.
(40946) 14000/19 COM(19) 549	Report from the Commission to the European Parliament and the Council on the activities of the IFRS Foundation, EFRAG and PIOB in 2018 and the achievements of the Union programme.
(40970) Special Report 2019/18	European Court of Auditors Special Report: EU greenhouse gas emissions.
(41010) 15232/19 + ADD COM(19) 633	Shipments and inventory of radioactive waste and spent fuel: Commission Reports on the implementation of Council Directive 2006/117/EURATOM and Council Directive 2011/70/EURATOM.
(41011) 15225/19 + ADDs COM(19) 632	Shipments and inventory of radioactive waste and spent fuel: Commission Reports on the implementation of Council Directive 2006/117/EURATOM and Council Directive 2011/70/EURATOM.
(41069) 5953/20 + ADDs 1–2 COM(20) 38	Commission Report on the implementation of the European Energy Programme for Recovery and the European Energy Efficiency Fund.
(41159) 7028/20 + ADD 1 C(20) 1981	Communication from the Commission Guidance to the Member States concerning foreign direct investment and free movement of capital from third countries, and the protection of Europe’s strategic assets, ahead of the application of Regulation (EU) 2019/452 (FDI Screening Regulation).

### Department for Digital, Culture, Media and Sport

41052 5664/20 COM(20) 50	Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions Secure 5G deployment in the EU — Implementing the EU toolbox.
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## Department for Environment, Food and Rural Affairs

- (40894) International Convention for the Conservation of Atlantic Tunas:  
13118/19 Proposals for Council Decisions.  
+ ADD  
COM(19) 470
- (40895) International Convention for the Conservation of Atlantic Tunas:  
13124/19 Proposals for Council Decisions.  
COM(19)  
472
- (40913) Proposal for a Council Decision on the EU's position in the Executive  
13402/19 Body under the Convention on Long-Range Transboundary Air  
COM(19) Pollution.  
545
- (40923) Under-fill of agricultural Tariff Rate Quotas: Proposal for a Council  
13660/19 Decision on the position to be taken on behalf of the EU in the General  
+ ADD Council of the World Trade Organisation.  
COM(19)  
563
- (40959) European Court of Auditors Special Report: Addressing antimicrobial  
— resistance.  
Special  
Report  
2019/21
- (40962) Recommendation for a Council Decision authorising the opening of  
+ ADD 1 negotiations to amend the International Sugar Agreement.  
COM(19) 595
- (41057) Commission Report on the implementation of Directive 2000/53/EC on  
5709/20 end-of-life vehicles for the period 2014–2017.  
COM(20) 33

## Department for International Development

- (40975) Report from the Commission to the European Parliament and the  
14585/19 Council 2019 Annual Report on the implementation of the European  
+ ADDs 1–2 Union's instruments for financing external actions in 2018.  
COM(19) 604

## Department for Transport

- (41062)  
5801/20  
+ ADD 1  
COM(20) 42
- Proposal for a Council Decision on the position to be taken on behalf of the European Union in the relevant committees of the United Nations Economic Commission for Europe as regards the proposals for modifications to UN regulations Nos. 10, 26, 28, 46, 48, 51, 55, 58, 59, 62, 79, 90, 106, 107, 110, 117, 121, 122, 128, 144, 148, 149, 150, 151 and 152, as regards the proposals for modifications to global technical regulations (GTRs) Nos. 3, 6 and 16, as regards the proposal for amendments to consolidated resolution R.E.5, and as regards the proposals for the authorisations to develop an amendment to GTR No. 6 and to develop a new GTR on the determination of electrified vehicle power (DEVP).
- (41116)  
6556/20  
COM(20) 78
- Proposal for a Decision of the European Parliament and of the Council on a European Year of Rail (2021).
- (41151)  
6990/20  
+ ADD 1  
COM(20) 109
- Report from the Commission to the European Parliament and the Council on the application by the Member States of Directive 2000/30/EC of the European Parliament and of the Council of 6 June 2000 on the technical roadside inspection of the roadworthiness of Commercial vehicles circulating in the Community Reporting period 2015–2016.
- (41152)  
6985/20  
+ ADD 1  
COM(20) 107
- Report from the Commission to the European Parliament and the Council on the application by the Member States of Directive 2000/30/EC of the European Parliament and of the Council of 6 June 2000 on the technical roadside inspection of the roadworthiness of Commercial vehicles circulating in the Community Reporting period 2017–2018.

## Department for Work and Pensions

- (41105)  
6418/20  
+ ADD 1  
COM(20) 70
- Proposal for a Council Decision on guidelines for the employment policies of the Member States.
- (41041)  
15326/19  
+ ADD 1  
SWD(20) 451
- Commission Staff Working document: Evaluation of the Council Directive 79/7/EEC on the progressive implementation of the principle of equal treatment for men and women in matters of social security.
- (41046)  
5442/20  
COM(20) 24
- Proposal for a Council Decision authorising Member States to ratify, in the interest of the European Union, the Violence and Harassment Convention, 2019 (No. 190) of the International Labour Organization.

## Foreign and Commonwealth Office

- (40918)  
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- Council Decision (CFSP) 2019/1721 of 14 October 2019 amending Decision (CFSP) 2016/1693 concerning restrictive measures against ISIL (Da'esh) and Al-Qaeda and persons, groups, undertakings and entities associated with them.

- (40919) Council Implementing Regulation (EU) 2019/1717 of 14 October  
— 2019 implementing Regulation (EU) 2016/1686 imposing additional  
— restrictive measures directed against ISIL (Da'esh) and Al-Qaeda and  
natural and legal persons, entities or bodies associated with them.
- (40986) Council Decision (CFSP) In Support of Strengthening Biological Safety  
— and Security in Latin America.  
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## HM Revenue and Customs

- (41003) Commission Staff Working Document accompanying the Report  
15134/19 from the Commission to the European Parliament and the Council  
SWD(19) 434 pursuant to Article 278a of the Union Customs Code, on progress  
in developing the electronic systems provided for under the Code.
- (41004) Report from the Commission to the European Parliament and the  
— Council pursuant to Article 278a of the Union Customs Code, on  
COM(19) 629 progress in developing the electronic systems provided for under  
the Code.

## HM Treasury

- (40908) Report from the Commission to the European Parliament and  
13367/19 the Council on the exercise of the power to adopt delegated acts  
COM(19) 485 conferred on the Commission pursuant to Regulation (EU) 2015/1017  
of the European Parliament and of the Council of 25 June 2015 on the  
European Fund for Strategic Investments, the European Investment  
Advisory Hub and the European Investment Project Portal and  
amending Regulations (EU) No 1291/2013 and (EU) No 1316/2013 — the  
European Fund for Strategic Investments as amended by Regulation  
(EU) 2017/2396 of the European Parliament and of the Council of 13  
December 2017 amending Regulations (EU) No 1316/2013 and (EU)  
2015/1017 as regards the extension of the duration of the European  
Fund for Strategic Investments as well as the introduction of technical  
enhancements for that Fund and the European Investment Advisory  
Hub.
- (40914) Court of Auditors Special report No 17/2019: Centrally managed EU  
— interventions for venture capital: in need of more direction.  
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- (40939) Opinion of the European Central Bank of 30 October 2019 on a  
— proposal for a regulation on a governance framework for the  
— budgetary instrument for convergence and competitiveness for the  
euro area (CON/2019/37).
- (40964) Commission report to the Council pursuant to Article -11(2) of  
14125/19 Regulation (EC) No 1466/97 on the enhanced surveillance mission in  
COM(19) 910 Romania of 25 September 2019.
- (40965) Commission report to the Council pursuant to Article -11(2) of  
14124/19 Regulation (EC) No 1466/97 on the enhanced surveillance mission in  
COM(19) 920 Hungary of 26 September 2019.

(40966 14123/19 + ADD 1 COM(19) 912	Recommendation for a Council Recommendation with a view to correcting the significant observed deviation from the adjustment path toward the medium-term budgetary objective in Romania.
(40967) 14122/19 COM(19) 922	Recommendation for a Council Recommendation with a view to correcting the significant observed deviation from the adjustment path toward the medium-term budgetary objective in Hungary.
(40968) 14121/19 COM(19) 913	Recommendation for a Council Decision establishing that no effective action has been taken by Romania in response to the Council Recommendation of 14 June 2019.
(40969) 14120/19 COM(19) 921	Recommendation for a Council Decision establishing that no effective action has been taken by Hungary in response to the Council Recommendation of 14 June 2019.
(40980) 14759/19 + ADD 1 COM(19) 617	Report from the Commission to the European Parliament and the Council on data pertaining to the budgetary impact of the 2019 annual update of remuneration and pensions of the officials and other servants of the European Union and the correction coefficients applied thereto.
(40985) — —	Court of Auditors Special Report 2019 No.22: EU requirements for national budgetary frameworks: need to further strengthen them and to better monitor their application.
(41075) 5066/20 COM(20) 68	Report from the Commission Romania Report prepared in accordance with Article 126(3) of the Treaty on the Functioning of the European Union.

## Ministry of Housing, Communities and Local Government

(40906) 13434/19 COM(19) 800	Construction Products Regulation: Commission Report on the review of provisions for the marketing of construction products not covered by harmonised European standards.
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## Annex

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### *Documents drawn to the attention of select committees:*

(‘SNC’ indicates that scrutiny (of the document) is not completed; ‘SC’ indicates that scrutiny of the document is completed )

**Business, Energy and Industrial Strategy Committee:** Biocidal product approvals under the Withdrawal Agreement [Proposed Commission delegated Regulation (SC)]

**Committee on Exiting the European Union:** Market Access for Goods from African, Caribbean and Pacific (“ACP”) [European Commission Report (SNC)]

**Committee on the Future Relationship with the EU:** Regulation on Paediatric Medicines [ Report(SNC)]

**Foreign Affairs Committee:** EU Sanctions against Turkey [Council (a) Decision; (b) Regulation (SC)]

**Health and Social Care Committee:** Regulation on Paediatric Medicines [ Report(SNC)]

**Home Affairs Committee:** Passenger Name Record (PNR) data: updating international standards and negotiating an EU/Japan PNR Agreement [Proposed Council Decision (SC)]

**International Trade Committee:** EU retaliatory duties on imports from the US (Byrd amendment WTO dispute)[Commission Delegated Regulation (SC)];Market Access for Goods from African, Caribbean and Pacific (“ACP”) [European Commission Report (SNC)];EU Sanctions against Turkey [Council (a) Decision; (b) Regulation (SC)]

**Northern Ireland Affairs Committee:** EU retaliatory duties on imports from the US (Byrd amendment WTO dispute)[Commission Delegated Regulation (SC)];Market Access for Goods from African, Caribbean and Pacific (“ACP”) [European Commission Report (SNC)];EU Sanctions against Turkey [Council (a) Decision; (b) Regulation (SC)]

# Formal Minutes

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**Thursday 30 April 2020**

After consulting all Members of the Committee, the Chair was satisfied that the Report represented a decision of the majority of the Committee and reported it to the House. (Order of the House of 24 March 2020).

## Standing Order and membership

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The European Scrutiny Committee is appointed under Standing Order No.143 to examine European Union documents and—

- a) to report its opinion on the legal and political importance of each such document and, where it considers appropriate, to report also on the reasons for its opinion and on any matters of principle, policy or law which may be affected;
- b) to make recommendations for the further consideration of any such document pursuant to Standing Order No. 119 (European Committees); and
- c) to consider any issue arising upon any such document or group of documents, or related matters.

The expression “European Union document” covers —

- i) any proposal under the Community Treaties for legislation by the Council or the Council acting jointly with the European Parliament;
- ii) any document which is published for submission to the European Council, the Council or the European Central Bank;
- iii) any proposal for a common strategy, a joint action or a common position under Title V of the Treaty on European Union which is prepared for submission to the Council or to the European Council;
- iv) any proposal for a common position, framework decision, decision or a convention under Title VI of the Treaty on European Union which is prepared for submission to the Council;
- v) any document (not falling within (ii), (iii) or (iv) above) which is published by one Union institution for or with a view to submission to another Union institution and which does not relate exclusively to consideration of any proposal for legislation;
- vi) any other document relating to European Union matters deposited in the House by a Minister of the Crown.

The Committee’s powers are set out in Standing Order No. 143.

The scrutiny reserve resolution, passed by the House, provides that Ministers should not give agreement to EU proposals which have not been cleared by the European Scrutiny Committee, or on which, when they have been recommended by the Committee for debate, the House has not yet agreed a resolution. The scrutiny reserve resolution is printed with the House’s Standing Orders, which are available at [www.parliament.uk](http://www.parliament.uk).

### Current membership

[Sir William Cash MP](#) (*Conservative, Stone*) (Chair)

[Tahir Ali MP](#) (*Labour, Birmingham, Hall Green*)

[Jon Cruddas MP](#) (*Labour, Dagenham and Rainham*)

[Allan Dorans MP](#) (*Scottish National Party, Ayr Carrick and Cumnock*)

[Richard Drax MP](#) (*Conservative, South Dorset*)

[Margaret Ferrier MP](#) (*Scottish National Party, Rutherglen and Hamilton West*)

[Mr Marcus Fysh MP](#) (*Conservative, Yeovil*)

[Mrs Andrea Jenkyns MP](#) (*Conservative, Morley and Outwood*)

[Mr David Jones MP](#) (*Conservative, Clwyd West*)

[Stephen Kinnock MP](#) (*Labour, Aberavon*)

[Mr David Lammy MP](#) (*Labour, Tottenham*)

[Marco Longhi MP](#) (*Conservative, Dudley North*)

[Craig Mackinley MP](#) (*Conservative, South Thanet*)

[Ann Marie Morris MP](#) (*Conservative, Newton Abbot*)

[Charlotte Nichols MP](#) (*Labour, Warrington North*)

[Greg Smith MP](#) (*Conservative, Buckingham*)