

# European Council conclusions

A rolling check-list of commitments to date

# STUDY

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# European Council conclusions: A rolling check-list of commitments to date

## Study

The role of the European Council – to 'provide the Union with the necessary impetus for its development' and to define its 'general political directions and priorities' – has evolved rapidly over the last decade.

Since June 2014, the European Council Oversight Unit within the European Parliamentary Research Service (EPRS), the European Parliament's in-house research service and think-tank, has been monitoring and analysing the European Council's delivery on commitments made in the conclusions of its meetings.

This overview of European Council conclusions is a new, updated and more comprehensive edition of the *Rolling Check-List* which has been published regularly by the European Council Oversight Unit since 2014. It is designed to review the degree of progress in achieving the goals that the European Council has set itself and to assist the Parliament in exercising its important oversight role in this field.

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### Introduction

This revisited edition of the overview of European Council conclusions to date, also presented in the form of a rolling check-list, is a publication produced by the European Council Oversight Unit of the European Parliamentary Research Service (EPRS), the European Parliament's in-house research service and think-tank. As part of this work, since 2014, the Unit has been monitoring and analysing the delivery on commitments made by the European Council in the conclusions of its meetings, as well as its various responsibilities, either in law or on the basis of intergovernmental agreements.

The European Council, which brings together the Heads of State or Government of the EU member states, became a formal Union institution, with a full-time President, under the Treaty of Lisbon in 2009. Although it does not exercise legislative functions, the European Council's role - which is to 'provide the Union with the necessary impetus for its development' and to define its 'general political directions and priorities' - has developed rapidly over the last decade. As an example of setting overall priorities for the Union, in June 2014, the European Council adopted a strategic agenda to 'guide the institutions in annual and multiannual programming, as well as in legislative planning' for the 2014 to 2019 EU institutional cycle. Likewise, on the occasion of the 60th anniversary of the Rome Treaties in March 2017, the Heads of State or Government of the EU-27 set four major directions for the Union for the next 10 years. In a context of unprecedented challenges, such as the migration crisis and the prospect of the United Kingdom's withdrawal from the Union, EU-27 leaders stressed their unity and the EU's determination 'to address the challenges of a rapidly changing world and to offer to our citizens both security and new opportunities'.

In a spirit of checks and balances, and because multiannual programming is an inter-institutional responsibility, the enhanced influence of the European Council in setting the orientations for Union action should be matched by greater oversight by the European Parliament. The latter's administrative capacity to support parliamentary committees and individual Members in exercising ex-post scrutiny and oversight of the executive has accordingly been enhanced to provide stronger and deeper analysis of delivery on priorities, implementation and the impact of EU law in practice.

For this purpose, the European Council Oversight Unit has developed a comprehensive database of European Council conclusions and responsibilities, which is updated regularly. A Rolling Check-list of commitments has been published quarterly since 2014, so far in 14 editions. Now it is being reissued in an updated format, covering the period since 2014, and distinguishing between four types of European Council conclusions (commitments, reviews, endorsements and statements), indicating the follow-up given to calls for action made by EU leaders. It also offers an introductory analysis of each policy area, highlighting the background to the main orientations given by the European Council, as well as the follow-up to them and the future challenges.

The Rolling Check-list will henceforth be published in both paper and digital formats, to make it easier to assist the Parliament in exercising its important oversight function in the months and years ahead. Any feed-back on its structure and contents are much appreciated.

#### **Astrid Worum**

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December 2018

#### How to use this Rolling Check-list

The structure and contents of this Rolling Check-list derive from the conclusions of the European Council, running from June 2014 to the present. The check-list covers eight broad policy areas, each addressed in a separate chapter: i) Economic and financial affairs; ii) Employment and social policies; iii) Competitiveness; iv) Climate and energy; v) Freedom, security and justice; vi) External relations; vii) International trade; and viii) Development policy. The new methodology applied to the current edition of the Rolling Check-list distinguishes between four types of conclusions:

- 1. **Commitments:** sentences in European Council conclusions that define strategic priorities, call for action or make commitments on the institution itself;
- Reviews: sentences in European Council conclusions that take stock of progress, comment on adoption or implementation, call for a review of action taken and/or refer back to previous decisions;
- 3. **Endorsements**: sentences in which the European Council endorses or welcomes an action or proposal;
- 4. **Statements:** general declarations by the European Council. Such statements are not included in the table, but are entered in the database.

The progress made in implementing a policy objective is followed up with regard to commitments. The new methodology distinguishes between four types of follow-up actions: policy framework documents (strategic), legislative acts and other instruments, reports, and meetings.

The Rolling Check-list is updated four times a year ahead of the European Council meetings in March, June, October and December. At the beginning of each chapter, there is a concise analysis of the background and the main strategic directions and developments in a particular policy area.

A 'traffic light' system helps readers to identify, at a glance, progress achieved at EU level on any policy issue: green for commitments that have been carried out in full; yellow for those that are progressing but have not been yet finalised; red where no action has yet been taken; and grey where there is no progress specifically because a decision has been taken not to proceed.

The information is displayed in columns. The 'Conclusions' column displays all relevant extracts of the European Council conclusions in a specific policy area. The 'Follow-up action' column, meanwhile, shows the steps taken by the relevant actor – the European Commission, the European Parliament or Council – in implementing the European Council commitments.

|       | Essentially complete            | Some progress     |         | No progress    |           | Decision not to<br>proceed |
|-------|---------------------------------|-------------------|---------|----------------|-----------|----------------------------|
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## The European Council

Established as an informal summit in 1975, the European Council became a formal European Union institution, with a full-time President, in 2009, on the entry into force of the <u>Treaty of Lisbon</u>. It consists of the Heads of State or Government of the 28 EU Member States, the European Council President and the President of the European Commission (Article 15(2) of the Treaty on European Union (TEU)). The latter two have no voting rights. Meetings of the European Council are normally also attended by the High Representative of the Union for Foreign Affairs and Security Policy. The President of the European Parliament is 'invited to speak' (<u>Article 235(2) of the Treaty on the European Council</u>) as the first item on the European Council's agenda, followed by an exchange of views. At its formal meetings, normally four per year, the European Council adopts 'conclusions' that are aimed at identifying policy priorities and action to be taken.

The European Council's role is to 'provide the Union with the necessary impetus for its development and define the general political directions and priorities' (Article 15(1) TEU). It cannot exercise legislative functions. In June 2014, the European Council adopted a <u>strategic agenda</u> of priority areas, which was designed to guide the work of the European Union until 2019. Subsequently, unprecedented domestic and global challenges, and notably the prospect of the UK's withdrawal from the EU (combined with a rise of populism and anti-EU sentiment), have triggered a debate on the future of Europe. As a result, previously set objectives have been slightly re-shaped in order to respond more effectively to public expectations and concerns, as well as to bind the EU-27 closer together. EU leaders thus used the occasion of the 60th anniversary of the Rome Treaties in March 2017 to issue a finely-tuned set of policy orientations for the Union for the next 10 years. The <u>Rome</u> <u>Agenda</u> encompasses four broad chapters: a safe and secure Europe, a prosperous and sustainable Europe, a social Europe and a stronger Europe on the global scene, which will shape the action of the Union over a decade.

The European Council is also tasked with identifying the Union's strategic interests, determining the objectives of, and defining general guidelines for common foreign and security policy (Article 26 <u>TEU</u>). Following a request by EU leaders, the High Representative, Federica Mogherini, presented an EU global strategy, which the European Council welcomed in June 2016. The strategy sets five broad priorities for the EU external action in the up-coming years: the security of the Union, state and societal resilience to the East and South, an integrated approach to conflict and crisis, cooperative regional orders, and global governance for the 21st century.

The European Council furthermore defines the strategic guidelines for legislative and operational planning in the area of freedom, security and justice (<u>Article 68 TFEU</u>). For the period until 2019, the <u>priorities</u> for the European Union in the area of freedom, security and justice, are to 'better manage migration in all aspects; prevent and combat crime and terrorism; [and] improve judicial cooperation among EU countries'. Following the outbreak of the migration crisis, and a series of terrorist attacks on European soil, key strategic documents, notably the <u>European agenda on security</u> and the <u>European agenda on migration</u>, were adopted in 2015, either at the request or with the endorsement of the European Council.

The European Council has also to 'consider each year the employment situation in the Union and adopt conclusions thereon, on the basis of a joint annual report by the Council and the Commission' (Article 148 TFEU).

Its decisions are taken mainly by consensus, but in certain cases the European Council can also decide by qualified majority. For example, the President of the European Council is <u>elected</u> by qualified majority vote for a once-renewable term of two and a half years. The President's role is 'to ensure the preparation and continuity of the work of the European Council in cooperation with the President of the Commission', chair its meetings, 'facilitate cohesion and consensus within the European Council', and to ensure 'the external representation of the Union on issues concerning its common foreign and security policy, without prejudice to the powers of the High Representative of the Union for Foreign Affairs and Security Policy' (<u>Article 15(5) TEU</u>).

While not directly accountable to the European Parliament, the President of the European Council presents a report to Parliament after each meeting of the Heads of State or Government (<u>Article 15(6)(d) TEU</u>). Usually this takes the form of a declaration, followed by a plenary debate.

As a result of both the UK's decision to leave the Union and the <u>Leaders' Agenda proposed</u> by European Council President Donald Tusk in 2017, aimed at 'reinvigorating and enriching' the European Council's work 'by engaging directly on politically sensitive issues', the working method and formations of the European Council have evolved substantially in recent years. In recent years members of the European Council have met in five different formats:

- 1 the EU28 Heads of State or Government meet quarterly in the *regular European Council meetings;*
- 2 since 2016 the EU-27 (leaders of all the 28 EU Member States except the UK) have met in the *EU27 (Art. 50)* format, to discuss Brexit;
- 3 the EU27 or EU 28 have in recent years held *informal summits* at least twice a year;
- 4 the EU27 or EU28 have since October 2017 participated in *Leaders' Meetings*;
- 5 the EU27 (leaders of all the 28 EU Member States except the UK) have met in several *inclusive* Euro Summits. Participation in Euro Summits is usually restricted to the leaders of euro area countries, but the President of the Euro Summit (also President of the European Council) can invite other leaders as well.

Leaders' meetings, which are designed to enable a leaders' discussion to take place on a specific topic, are a key feature of the Leaders' Agenda. Unlike regular European Council meetings, Leaders' discussions are based, not on draft conclusions, but on short notes prepared by the President. The idea is to have an open, relatively unstructured debate on controversial but highly consequential issues, with a view to facilitating agreement at a follow-up European Council. The Leaders' Agenda contains a schedule of summits and main agenda items for the period from October 2017 to June 2019. These developments in meeting formats are reflected in the approach chosen for the revised rolling check-list database.

## 1. Economic and financial affairs

## A. Background

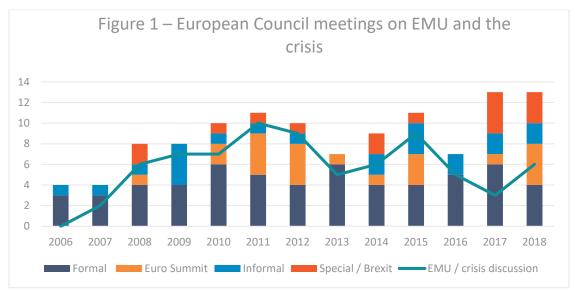
The financial crisis began in 2007 with the meltdown in the US subprime mortgages market. With the collapse of the US investment bank Lehman Brothers in 2008, the crisis got much worse; it quickly crossed the Atlantic and hit European banks, which had been lending heavily to overheated real-estate sector and profligate governments in the EU. The crisis exposed serious flaws in the functioning of the euro area, demanding a quick response from European policymakers.

As a consequence of the crisis, European governments had to deal with increasing amounts of debt. The financial crisis and the European sovereign debt crisis became tightly intertwined. This put the role of the EU Heads of State or Government, especially those in the euro area, into sharper focus. In the period from 2008 to 2011, EU leaders had to deal with two main issues:

- a massive build-up of government debt across the EU, as Member States bailed out banks and increased expenditure in response to recession; and
- > a huge increase in interest rates on Greek (and other) government debt that threatened to bankrupt the country and force it out of the euro area.

The fast pace of developments on the financial markets and the sums involved meant that the Heads of State or Government had to rise to both challenges.

The period from 2010 to 2012 saw the intense involvement of the European Council and the Euro Summit in dealing with the crisis (see Figure 1). EU leaders had to move quickly to take unprecedented decisions with regard to helping Member States that had lost access to capital markets and required financial assistance. They also had to set up a stricter budget surveillance mechanism to commit the EU to debt reduction in a credible way. Taking a hands-on approach to respond to the crisis, meetings of EU and euro area Heads of State or Government multiplied, with at least 10 meetings a year on average, reaching more up to 13 a year at the height of the crisis.



Source: EPRS.

Following a proposal from French President, Nicolas Sarkozy, the first meeting of euro area Heads of State or Government took place in October 2008, to coordinate their response to the crisis. In

October 2011, the leaders of euro area countries <u>agreed</u> 'to meet regularly – at least twice a year – in Euro Summits, to provide strategic orientations on the economic and fiscal policies in the euro area'. These meetings were institutionalised in March 2012 with the <u>Treaty on Stability, Coordination</u> and <u>Governance in the Economic and Monetary Union</u>.

#### Dealing with the sovereign debt crisis

As the crisis progressed, a number of governments in the EU decided to prop up their financial systems to safeguard financial stability, while also increasing spending to counteract the effects of recession.

The Heads of State or Government had to act on two fronts. On the one hand, they had to put mechanisms in place that allowed Member States in trouble to access funding. In May 2010, the leaders of the euro area therefore <u>set up</u> the <u>European Financial Stability Facility (EFSF)</u>, which in February 2012 was followed by the <u>European Stability Mechanism</u>.

On the other hand, they had to come up with a credible governance system to rein in budget deficits and exploding debt. The Stability and Growth Pact was reinforced with the adoption of a new set of rules, <u>the six-pack</u> (followed in 2013 by the <u>two-pack</u>), allowing for stricter surveillance of Member States' debt, budget deficits and economic policies under the <u>European Semester</u>. In March 2012, with the <u>Treaty on Stability, Coordination and Governance in the Economic and Monetary Union</u>, the EU leaders reinforced these mechanisms, setting the Member States on a firm path to debt reduction.

After relative calm set in 2013 and 2014, the number of leaders' meetings, especially Euro Summits, shot up again in 2015 when the Greek crisis flared up once more (see Figure 1). It was successfully resolved after a number of intense Euro Summit and Eurogroup meetings over the spring and summer.

In 2016, with the worst of the economic and financial crisis behind it and the economic recovery well on track, the European Council shifted the focus away from the crisis-fighting measures in the economic and monetary union (EMU) towards longer-term measures to deepen it (see Figure 1).

<u>In a letter to EU leaders</u> from September 2017, ahead of the informal dinner in Tallinn in September 2017, the President of the European Council, Donald Tusk, underlined what needed to be done to complete the banking union and called for concrete decisions on the future development of the EMU to be taken by June 2018.

This paved the way for the <u>Euro Summit in December 2017</u>, the first Euro Summit since 2015, and relaunched the debate on EMU reform, with noteworthy contributions from EU Heads of State or Government (see 1.4.)

## B. Legal basis for European Council action on the EMU

Article 121(2), <u>Treaty on the Functioning of the European Union</u>: 'The European Council shall, acting on the basis of the report from the Council, discuss a conclusion on the broad guidelines of the economic policies of the Member States and of the Union'.

#### European Semester

The latest broad economic policies guidelines, reflecting the conclusions of the European Council, were adopted as the <u>Council recommendation</u> in 2015 for the following three years. They form the basis for <u>the national reform programmes</u> in which Member States outline measures to achieve their <u>Europe 2020</u> targets.

These documents, along with stability (for euro area countries) and convergence (for non-euro area countries) programmes feed into the <u>European Semester</u> where the Member States, in the first six months of the year, align their budgetary and economic policies with the objectives and rules agreed at EU level.

The European Council plays an important role in this process, which ends with the Council issuing <u>country-specific recommendations to Member States</u>:

- early in the year, usually in March, the European Council 'identifies the main challenges facing the Union and the euro area and gives strategic guidance on policies [...] Member States should take into account the horizontal guidance by the European Council' (Recital 14, <u>Regulation (EU) No 1175/2011</u> on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies);
- > on the basis of national reform programmes, the Commission drafts country-specific recommendations; before the Council finally adopts them, usually in July, the European Council endorses them, usually in June.

## C. Strategic orientations

#### Putting the banking system on a sounder footing

In its December 2012 conclusions, the European Council <u>underlined</u> that it was 'imperative to break the vicious circle between banks and sovereigns'. Emphasising the overriding importance of stronger economic governance and fiscal discipline, it underlined that the banking system, which, along with government debt, was at the heart of the crisis in the EU, needed to be more efficiently supervised and put on a sounder footing. It reiterated 'the importance of the new rules on capital requirements for banks (CRR/CRD), which are of the utmost priority so as to develop a single rule book'.

#### Deepening the economic and monetary union

At the same meeting, the Heads of State or Government <u>endorsed</u> 'a time-bound roadmap', <u>Towards</u> a <u>genuine economic and monetary union</u>, drawn up by its president, Herman Van Rompuy in cooperation with the presidents of the European Commission, the Eurogroup and the European Central Bank. 'The process of completing EMU will build on the EU's institutional and legal framework. It will be open and transparent towards Member States not using the single currency'.

In December 2014, the European Council <u>requested</u> a report on further measures to complete Europe's economic and monetary union. <u>The five presidents' report: Completing Europe's economic</u> and <u>monetary union</u>, prepared by the President of the European Commission in close cooperation with the President of the Euro Summit, the President of the Eurogroup, the President of the European Central Bank, and the President of the European Parliament, was published in June 2015.

The leaders took note of the report at the <u>December 2015 European Council</u> and called for rapid progress on the basis of it, in particular as regarded:

- > more effective economic and fiscal governance; and
- banking union, to enhance financial stability in the euro area.

In the <u>Rome declaration</u> of March 2017, Heads of State or Government included the completion of EMU as a part of the second priority in their commitment to establish 'A prosperous and sustainable Europe'.

## D. Noteworthy commitments: specific requests and follow-up

#### Single supervision and single rule book for European banks

Before the crisis, banks had waded into risky financial derivatives business; they were also lending heavily to the private sector and governments that took advantage of lower interest rates following the introduction of the euro. As markets and the economy started to sour, bank losses increased, eating through the banks' capital cushions and pushing them to the verge of bankruptcy.

The Heads of State or Government called repeatedly for rules to be adopted on the better supervision of systemically important banks, stronger capital requirements to be better able to withstand the losses, and more efficient rules for dealing with failed banks so that they would not endanger the stability of the financial system.

In <u>December 2012, the European Council</u> recognised that systemically important banks needed to be better supervised and to be capable of withstanding losses. They called for:

- the establishment of a <u>single supervisory mechanism</u>; the European Central Bank now supervises the euro area's biggest banks having a better view of the risks their activities pose for financial stability;
- the adoption of new rules on capital requirements; banks must now have more capital available to withstand losses, reducing the need for government intervention;
- adoption of new rules on the restructuring and resolution of failing banks; banks can now be wound down in an orderly manner with the support of the <u>Single Resolution Fund</u>;
- Setting up of deposit guarantee schemes in Member States for deposits of up to €100 000; these now help prevent the mass withdrawal of deposits in the case of bank failure, which can contribute to financial instability.

Parliament and Council adopted these pieces of legislation in 2013 and 2014.

#### Completing the banking union

<u>In his letter to EU leaders</u> from September 2017, President Tusk identified the completion of the 'Banking Union in line with the agreed roadmap' as a common priority 'so that the euro area is strengthened structurally'. He stressed in particular that 'We have to prepare a common backstop to the banking union, to advance further risk reduction and pave the way for a European deposit insurance scheme. We should also enhance Europe's capacity to act, which could involve developing the ESM towards a European Monetary Fund'.

As the Commission put it in its <u>communication of October 2017</u>, <u>the European Deposit Insurance</u> <u>Scheme (EDIS)</u>, is one of the most important missing pieces of the banking union. In its view, it should complement the single supervisory mechanism and the single resolution mechanism (both are already functioning) as its third pillar.

It would provide additional financial resources in case Member States' deposit guarantee schemes are not sufficiently funded to handle larger, local shocks. This would cut still further the vicious link between banks and public finances. The same logic pertains to bank resolution; if the Single Resolution Fund could benefit from loans from the European Stability Mechanism (ESM), this would add to the credibility of the euro area's mechanisms for dealing with failing banks.

These proposals to complete the banking union have split the EU governments into two camps, the first putting more emphasis on the need for risk sharing (i.e. extending funds, via a European Deposit Insurance Scheme, EDIS, to make sure small savers do not lose money in the event of a bank failure in another Member State) and the second insisting more on risk reduction (i.e. making sure all Member States clean up their banks and put their public finances in order, so that there is no need to save banks in other Member States via the ESM).

This split is reflected in the European Council conclusions, where the leaders try to find a balance between risk sharing and risk reduction that would allow them to progress on the banking union issue. Already in June 2016, in line with the European Council's request, the Council of the EU established a <u>roadmap to complete the banking union</u>. The leaders reiterated the need to complete the banking union at their <u>March 2017 meeting</u>, underlining, however that this has to happen 'in terms of reducing and sharing risks in the financial sector, in the appropriate order'.

Before such risk sharing on the EU level can occur, a number of banks have to be put on a sounder footing, via risk reduction. At <u>the June 2018 Euro Summit</u>, leaders noted that the <u>Economic and</u> <u>Financial Affairs Council on 25 May 2018</u> adopted its position on a package of measures aimed at <u>reducing risk in the banking industry</u> and thus increasing its resilience in the face of shocks.

The Euro Summit then went on to say that this breakthrough allowed for the work to 'start on a roadmap for beginning political negotiations on the European Deposit Insurance Scheme' and added that the ESM would 'provide the common backstop to the Single Resolution Fund (SRF)'. The decidedly vague language with reference to EDIS shows that there are still big obstacles to be surmounted in the European Council before a more ambitious agreement on completing the banking union can be reached.

#### Reform of the ESM and the euro area budget

Following European Council President Tusk's call for concrete decisions on the future development of the EMU to be taken by June 2018, a number of Heads of State or Government have made marked contributions to the discussion. This includes the French-German plan for the EMU reform and the proposals from the grouping of more fiscally conservative EU governments, the so-called New Hanseatic League.

The future debates on deepening the EMU will therefore be animated by proposals such as those put forward by France and Germany in the <u>Meseberg Declaration of June 2018</u>, which calls for the European Stability Mechanism (ESM) to be given a bigger role in crisis prevention and in assessing and monitoring future programmes, as well as its incorporation into EU law. It also supports the establishment of a euro area budget.

The finance ministers from the Czech Republic, Denmark, Estonia, Finland, Ireland, Latvia, Lithuania, the Netherlands, Sweden and Slovakia in their <u>Hanseatic Statement on the ESM of November 2018</u> supported this reinforced role for the ESM, including as a backstop for the Single Resolution Fund, but as an intergovernmental institution accountable to its shareholders. This is in stark contrast with the Commission's <u>proposal</u> to create a European Monetary Fund under EU law. The governments also insisted on strict conditionality of programmes and bail-ins of creditors to ensure debt sustainability. The insistence of these Member States on the ESM's expanded role in monitoring economic policies might be interpreted as an encroachment on the Commission's area of competence.

Discussions on the euro area budget received a boost in November 2018 when France and Germany published their <u>common proposal</u> on the issue. The euro area budget would be a part of the overall EU budget. It would support efforts to achieve higher levels of convergence and competitiveness in the euro area; its stabilisation function in the event of economic downturns seems to be downplayed in the proposal. This reflects different views between euro area governments on whether such a budget is needed at all and what should be its aim. Member States that emphasise risk reduction over risk sharing and want a bigger monitoring role for the ESM fear that any

additional budget for the euro area might lessen the incentives for governments to reduce deficits and debt in order to create fiscal space to fight economic downturns.

#### Fighting tax avoidance in the EU

In May 2013, the European Council endorsed the action plan to <u>better tackle tax evasion and corporate tax</u> <u>avoidance</u>. The issue of lost budget revenues due to tax avoidance schemes was put into a sharp focus with the Lux Leaks revelations in 2014, followed by the Panama Papers in 2015 and the Paradise Papers in 2017. 'There is an urgent need to advance efforts in the fight against tax avoidance and aggressive tax planning', <u>the European Council concluded in December 2014</u>. In line with the leaders' demands, the Council adopted <u>the anti-tax avoidance package</u>, as well as legislation on <u>exchange of information on tax</u> <u>rulings</u>. In June 2018, the European Council <u>highlighted</u> the need 'to ensure effective VAT collection'; in October, the Council <u>reached a political agreement</u> on a number of related proposals.

EU needs 'an effective and fair taxation system fit for the digital era', the European Council concluded in <u>October 2017</u>. Thus in the coming months, and in line with the <u>Leaders' Agenda from March 2018</u>, discussion on <u>taxation of companies with a significant digital footprint</u> (e.g. Google and Facebook and companies that are able to shift profits easily to low-tax jurisdictions) will continue. There are significant differences between Member States as to whether such tax is desirable, or how it should be implemented. Also <u>country-by-country reporting of companies' income tax</u>, where significant differences also exist, and the establishment of a definitive VAT system will be high on the agenda.

## E. Challenges ahead and outlook

In terms of economic and financial affairs, the focus in the coming months will be on the adoption and implementation of risk reduction measures, including those dealing with <u>non-performing loans</u>, as a precondition for risk sharing in the banking sector (EDIS and a common backstop to the SRF).

The reform of the ESM will also be on the agenda, especially its future role in crisis prevention and in the design and monitoring of programmes involving Member States in trouble. Debates will also focus on the shape of a possible euro area budget.

The October 2018 Euro Summit took stock of the progress of these debates but no details were divulged. The Heads of State or Government are expected to take more concrete decisions in December 2018.

In line with the <u>Leaders' Agenda from March 2018</u>, discussions on the <u>taxation of companies with a</u> <u>significant digital footprint</u> and <u>country-by-country reporting of companies' income tax</u>, where there are significant differences between Member States, are also set to continue

## 1.1. Financial Affairs

| Policy Field<br>Specific issue | Conclusion  | Follow-up action |
|--------------------------------|---|------------------|
| General Orientations           | <u>29 June 2018</u><br>The Eurogroup will further discuss all the items mentioned in the<br><u>letter by the Eurogroup President</u> (i.e. EDIS, the ESM reform, euro<br>area budget).          |                  |
|                                | The Euro Summit will come back to these issues in December 2018.  |                  |
|                                | <u>28 June 2016</u><br>The European Council calls for work (towards completing the<br>Economic and Monetary Union, including the roadmap to complete<br>the Banking Union) to be taken forward. |                  |
|                                | The European Council took stock of the progress achieved in the work<br>towards completing the Economic and Monetary Union, including the<br>roadmap to complete the Banking Union ()           |                  |
|                                |   |                  |

| Policy Field<br>Specific issue                          | Conclusion   | Follow-up action  |
|---|--|---|
|   | <u>17-18 March 2016</u><br>At its June meeting, the European Council will discuss the<br>progress achieved in the work towards completing the Economic<br>and Monetary Union.  | The June 2016 European Council <u>took stock of</u><br><u>the progress</u> achieved in the work towards<br>completing the Economic and Monetary<br>Union. |
|   | <u>17-18 December 2015</u><br>Further to the Five Presidents' report on completing the Economic and<br>Monetary Union requested by the December 2014 European Council,<br>the European Council confirms its commitment to work towards<br>completing the Economic and Monetary Union, in full respect of the<br>internal market and in an open and transparent manner () The legal,<br>economic and political aspects of the more long-term measures<br>contained in the report need to be further explored ()<br>Further to additional work to be undertaken by the Commission and<br>the Council, the European Council will come back to those measures at<br>the latest by the end of 2017. |   |
| Deeper Integration of<br>the European<br>Banking System | <u>18 October 2018</u><br>After <u>the Euro Summit</u> , the President of the European Council,<br>Donald Tusk, said: 'We agreed that we need to accelerate the<br>technical work. We want to get an agreement on the banking<br>union and the ESM in December.'   |   |

| Policy Field<br>Specific issue                          | Conclusion   | Follow-up action   |
|---|--|--|
|   | 23 March 2018<br><u>The Euro Summit</u> reaffirmed the most urgent political priorities:<br>- strengthening of the banking union;  |  |
|   | At the <u>Euro Summit</u> , the leaders agreed they would continue talks on<br>these issues (i.e. EDIS, the ESM reform) at the next Euro Summit in June<br>when they expect to take the first decisions.                       | The 29 June 2018 Euro Summit agreed that<br>the ESM would provide the common backstop<br>to the Single Resolution Fund (SRF) and that<br>work should start on a roadmap for beginning<br>political negotiations on the European<br>Deposit Insurance Scheme. |
|   | <u>17-18 December 2015</u><br>In particular, work should rapidly advance as regards () the<br>Banking Union, to enhance financial stability in the euro area.<br>The Council will report on the progress achieved by June 2016 | <u>Council Conclusions on a roadmap to</u><br>complete the Banking Union of 17 June 2016   |
| Banking Union: single<br>supervisory mechanism<br>(SSM) | <u>23-24 October 2014</u><br>() the European Council welcomed the launch of the Single<br>Supervisory Mechanism on 4 November 2014.  |  |

| Policy Field<br>Specific issue                 | Conclusion  | Follow-up action |
|--|---|------------------|
| Banking Union: Single<br>Resolution Fund (SRF) | 29 June 2018<br><u>The Euro Summit</u> said that the ESM will provide the common<br>backstop to the Single Resolution Fund (SRF) and be strengthened<br>working on the basis of all elements of an ESM reform as set out in<br>the letter of the Eurogroup President.   |                  |
|  | <ul> <li><u>15 December 2017</u></li> <li><u>The Euro Summit</u> debate built up on a note circulated by President<br/>Tusk ahead of the summit as part of the Leaders' Agenda. This note<br/>outlined a number of ideas on which there is a broad convergence,<br/>such as:</li> <li>putting into operation a common backstop for the Single Resolution<br/>Fund, possibly in the form of a credit line from the European Stability<br/>Mechanism (ESM);</li> </ul>                            |                  |
| Banking Union: Risk<br>Reduction               | 29 June 2018The agreement in the Council on the Banking package should<br>allow the co-legislators to adopt it before the end of the year while<br>preserving the overall balance.9-10 March 2017The European Council reiterates the need to complete the Banking<br>Union in terms of reducing and sharing risks in the financial sector, in<br>the appropriate order, as set out in the Council conclusions of 17 June<br>2016. It recalls the importance of international cooperation on the |                  |

| Policy Field<br>Specific issue                                 | Conclusion   | Follow-up action |
|--|--|------------------|
|  | design of common prudential and supervisory standards for financial services.  |                  |
|  | <u>15 December 2016</u><br>The European Council underlines the need to complete the<br>Banking Union in terms of reducing and sharing risks in the<br>financial sector, in the appropriate order, as set out in the Council<br>conclusions of 17 June 2016 on a roadmap to this effect. In that<br>context, the European Council calls on the Council to rapidly<br>examine the recent Commission proposals to increase resilience in<br>the financial sector. |                  |
| Banking Union : European<br>Deposit Insurance<br>Scheme (EDIS) | <u>29 June 2018</u><br><u>The Euro Summit</u> said that adhering to all elements of the 2016<br>roadmap in the appropriate sequence, work should start on a<br>roadmap for beginning political negotiations on the European<br>Deposit Insurance scheme.   |                  |
|  | <u>15 December 2017</u><br>The Euro Summit called for further developing the Ecofin Council<br>Roadmap of June 2016 on completing the banking union, including<br>the gradual introduction of a European Deposit Insurance Scheme  |                  |

| Conclusion   | Follow-up action  |
|--|---|
| <u>18 October 2018</u><br>After <u>the Euro Summit</u> , the President of the European Council,<br>Donald Tusk, said: 'We agreed that we need to accelerate the<br>technical work. We want to get an agreement on the banking<br>union and the ESM in December.' |   |
| 29 June 2018<br>The Eurogroup will prepare the terms of reference of the common<br>backstop and agree on a term sheet for the further development<br>of the ESM by December 2018.  |   |
| <u>23 March 2018</u><br>The Euro Summit called for the reform of the European Stability<br>Mechanism   |   |
| <u>15 December 2017</u><br>The Euro Summit debate built up on a note circulated by President<br>Tusk ahead of the summit as part of the Leaders' Agenda. This note<br>outlined a number of ideas on which there is a broad convergence,<br>such as:              |   |
| - putting into operation a common backstop for the Single Resolution<br>Fund, possibly in the form of a credit line from the European Stability<br>Mechanism (ESM);  |   |
|  | After the Euro Summit, the President of the European Council,<br>Donald Tusk, said: 'We agreed that we need to accelerate the<br>technical work. We want to get an agreement on the banking<br>union and the ESM in December.'29 June 2018The Eurogroup will prepare the terms of reference of the common<br>backstop and agree on a term sheet for the further development<br>of the ESM by December 2018.23 March 2018The Euro Summit called for the reform of the European Stability<br>Mechanism15 December 2017The Euro Summit debate built up on a note circulated by President<br>Tusk ahead of the summit as part of the Leaders' Agenda. This note<br>outlined a number of ideas on which there is a broad convergence,<br>such as:- putting into operation a common backstop for the Single Resolution<br>Fund, possibly in the form of a credit line from the European Stability |

| Policy Field<br>Specific issue   | Conclusion   | Follow-up action   |
|--|--|--|
|  | - further developing the ESM, possibly to become a so-called<br>European Monetary Fund   |  |
| Deeper Integration of<br>the European Capital<br>Markets<br>Capital Markets Union:<br>Securitisation | 20-21 October 2016<br>The European Council called for swiftly reaching an agreement<br>with the European Parliament on securitisation  | Regulation (EU) 2017/2402 of the European<br>Parliament and of the Council of 12 December<br>2017 laying down a general framework for<br>securitisation and creating a specific<br>framework for simple, transparent and<br>standardised securitisation, and amending<br>Directives 2009/65/EC, 2009/138/EC and<br>2011/61/EU and Regulations (EC) No<br>1060/2009 and (EU) No 648/2012<br>Procedure: 2015/0226(COD) |
|  | 28 June 2016<br>The European Council called for easier access to finance for<br>businesses and to support investment in the real economy by<br>moving forward with the Capital Markets Union agenda. In<br>particular, swift progress should be made<br>- on the proposal for simple, standardised and transparent<br>securitisation, to be agreed by the end of 2016; | Regulation (EU) 2017/2402 of the European<br>Parliament and of the Council of 12 December<br>2017 laying down a general framework for<br>securitisation and creating a specific<br>framework for simple, transparent and<br>standardised securitisation, and amending<br>Directives 2009/65/EC, 2009/138/EC and<br>2011/61/EU and Regulations (EC) No<br>1060/2009 and (EU) No 648/2012<br>Procedure: 2015/0226(COD) |

| Policy Field<br>Specific issue       | Conclusion  | Follow-up action   |
|--------------------------------------|---|--|
| Capital Markets Union:<br>Prospectus | 20-21 October 2016<br>The European Council called for swiftly reaching an agreement<br>with the European Parliament on prospectus rules to improve<br>access to finance for companies.  | Regulation (EU) 2017/1129 of the European<br>Parliament and of the Council of 14 June 2017<br>on the prospectus to be published when<br>securities are offered to the public or<br>admitted to trading on a regulated market,<br>and repealing Directive 2003/71/EC (Text with<br>EEA relevance).<br>Procedure: 2015/0268(COD) |
|                                      | 28 June 2016<br>The European Council called for easier access to finance for<br>businesses and to support investment in the real economy by<br>moving forward with the Capital Markets Union agenda.<br>In particular, swift progress should be made<br>- on the proposal for the simplification of prospectus<br>requirements. | Regulation (EU) 2017/1129 of the European<br>Parliament and of the Council of 14 June 2017<br>on the prospectus to be published when<br>securities are offered to the public or<br>admitted to trading on a regulated market,<br>and repealing Directive 2003/71/EC (Text with<br>EEA relevance).<br>Procedure: 2015/0268(COD) |

## 1.2. Economic Policies and Governance

| Policy Field<br>Specific issue                      | Conclusion  | Follow-up action  |
|---|---|---|
| Strengthened<br>Economic and Policy<br>Coordination | <ul> <li><u>17-18 December 2015</u></li> <li>It asks the Council to swiftly examine the proposals put forward by the Commission as a follow-up to the report (Five Presidents' report on completing the Economic and Monetary Union requested by the December 2014 European Council).</li> <li>In particular, work should rapidly advance as regards: <ul> <li>a) more effective economic and fiscal governance, to boost competitiveness, convergence and sustainability;</li> <li>b) the euro area's external representation, to better reflect its weight in the world economy;</li> </ul> </li> </ul> |   |
|   | The legal, economic and political aspects of the more long-term<br>measures contained in the (Five Presidents') report need to be<br>further explored. Further to additional work to be undertaken by<br>the Commission and the Council, the European Council will come<br>back to those measures at the latest by the end of 2017.   | The European Council of 9 March 2017<br>reiterated the need to complete the banking<br>union in terms of reducing and sharing risks in<br>the financial sector. |

| Policy Field<br>Specific issue | Conclusion  | Follow-up action  |
|--------------------------------|---|---|
|                                | <u>25-26 June 2015</u><br>The European Council took note of the report on the Economic and<br>Monetary Union requested by the December 2014 European Council.   |   |
|                                | The European Council () asked the Council to rapidly examine it (the report on the Economic and Monetary Union requested by the December 2014 European Council).  |   |
|                                | <u>18 December 2014</u><br>Closer coordination of economic policies is essential to ensure the<br>smooth functioning of the Economic and Monetary Union.<br>Following a discussion on this issue on the basis of an analytical<br>note at the informal meeting of the Heads of State or Government<br>in February, the President of the Commission, in close cooperation<br>with the President of the Euro Summit, the President of the<br>Eurogroup and the President of the European Central Bank, will<br>report at the latest to the June 2015 European Council. The<br>Member States will be closely involved in the preparatory work. | <u>The Five Presidents' Report: Completing</u><br><u>Europe's Economic and Monetary Union</u> was<br>published on 22 June 2015. |
|                                | <u>24 October 2014</u><br>() closer coordination of economic policies is essential to ensure the smooth functioning of the Economic and Monetary Union.<br>In this respect, it called for work to continue, in close cooperation with   |   |
|                                | the Commission, to develop concrete mechanisms for stronger economic policy coordination, convergence and solidarity.   |   |

| Policy Field<br>Specific issue | Conclusion  | Follow-up action  |
|--------------------------------|---|---|
|                                | It invited the President of the Commission, in close cooperation<br>with the President of the Euro Summit, the President of the<br>Eurogroup and the President of the European Central Bank, to<br>prepare next steps on better economic governance in the euro<br>area.                      | <u>The Five Presidents' Report: Completing</u><br><u>Europe's Economic and Monetary Union</u> was<br>published on 22 June 2015. |
|                                | <u>23-24 October 2014</u><br>Structural reforms and sound public finances are key conditions for<br>investment. To this end, the European Council invited the Commission,<br>the Council and the Member States to translate these orientations into<br>concrete policy actions without delay. |   |
|                                | <u>30 August 2014</u><br>The European Council also welcomes the intention of the Italian<br>government to hold a conference in October at the level of Heads of<br>State or Government on employment, especially youth employment,<br>following those held in Berlin and Paris.               | <u>The high-level conference on employment in</u><br><u>Europe t</u> ook place on 8 October 2014 in Milan,<br>Italy.            |
|                                | The European Council recalls its conclusions of 27 June 2014 on the<br>European Semester as well as its agreement on a Strategic Agenda<br>with a strong focus on jobs, growth and competitiveness. The<br>European Council calls for rapid progress on implementing these<br>orientations.   | _   |

| Policy Field<br>Specific issue                                 | Conclusion  | Follow-up action   |
|--|---|--|
|  | To this end, it asks the Council to assess the socio-economic situation and to start working on these issues without delay.   |  |
|  | In the autumn, the European Council will also address the economic situation and a dedicated Euro Summit will be convened.  | The Euro Summit on 24 October 2014<br>examined the economic and employment<br>situation in the euro area.  |
| Coordination of<br>Economic Policies<br>European Semester 2018 | 28-29 June 2018<br>The European Council endorses the integrated country-specific<br>recommendations as discussed by the Council, thus allowing the<br>conclusion of the 2018 European Semester. | The Council <u>adopted country-specific</u><br><u>recommendations</u> on July 13, 2018 thus<br>concluding the European Semester 2018<br>exercise |
|  | <u>22 March 2018</u><br>The European Council endorses the policy priority areas of the Annual<br>Growth Survey.   |  |
|  | The European Council invites Member States to reflect them (i.e.<br>the policy priority areas) in their forthcoming National Reform<br>Programmes and Stability or Convergence Programmes.      |  |
|  |   |  |

| Policy Field<br>Specific issue | Conclusion   | Follow-up action  |
|--------------------------------|--|---|
| European Semester 2017         | <u>22-23 June 2017</u><br>The European Council generally endorses the integrated country-<br>specific recommendations as discussed by the Council, thus allowing<br>the conclusion of the 2017 European Semester.                                  | The Council <u>adopted country-specific</u><br><u>recommendations</u> on 11 July 2017 thus<br>concluding the European Semester 2017<br>exercise.      |
|                                | <u>9-10 March 2017</u><br>The European Council endorses the policy priority areas of the Annual<br>Growth Survey.  |   |
|                                | The European Council invites Member States to reflect them (i.e.<br>the policy priority areas) in their forthcoming National Reform<br>Programmes and Stability or Convergence Programmes.   |   |
| European Semester 2016         | 28 June 2016<br>The European Council generally endorsed the country-specific<br>recommendations as discussed by the Council, thus allowing the<br>conclusion of the 2016 European Semester.  | The Council <u>adopted the country-specific</u><br><u>recommendations</u> on 12 July 2016, thus<br>concluding the European Semester 2016<br>exercise. |
|                                | <u>17-18 March 2016</u><br>The European Council endorsed the policy priority areas of the Annual<br>Growth Survey: re-launching investment, pursuing structural reforms to<br>modernise our economies, and conducting responsible fiscal policies. |   |

| Policy Field<br>Specific issue | Conclusion   | Follow-up action  |
|--------------------------------|--|---|
|                                | Member States will reflect these priorities in their forthcoming<br>National Reform Programmes and Stability or Convergence<br>Programmes.   |   |
| European Semester 2015         | <u>25-26 June 2015</u><br>The European Council concluded the 2015 European Semester by<br>generally endorsing the Country Specific Recommendations.  | The Council <u>adopted the country-specific</u><br><u>recommendations</u> on 14 July 2015, thus<br>concluding the European Semester 2015<br>exercise. |
|                                | <u>19-20 March 2015</u><br>It endorsed the three main pillars of the Annual Growth Survey<br>(investment, structural reforms and growth-friendly fiscal consolidation)   |   |
|                                | The European Council invited the Member States to reflect priorities<br>of the Annual Growth Survey in their forthcoming National Reform<br>Programmes and Stability or Convergence Programmes.  |   |
| European Semester 2014         | <u>26-27 June 2014</u><br>Their (i.e. the CSR) implementation is key to accelerate growth.<br>Based on the principles of national ownership and social dialogue,<br>Member States should respect the recommendations in their<br>forthcoming decisions on budgets, structural reforms and<br>employment and social policies. |   |

| Policy Field<br>Specific issue                     | Conclusion  | Follow-up action   |
|--|---|--|
|  | The European Council generally endorsed the country-specific recommendations (CSR) and thus concluded the 2014 European Semester.   | The Council <u>adopted country-specific</u><br><u>recommendations</u> on 8 July 2014, thus<br>concluding the European Semester 2014<br>exercise. |
|  | 20-21 March 2014<br>The European Council in December 2013 endorsed the five broad<br>policy priorities for the European Union and its Member States set out<br>in the 2014 Annual Growth Survey (AGS). To steer the Council's<br>discussions on the 2014 European Semester, the European Council put<br>particular emphasis on policies enhancing competitiveness,<br>supporting job creation and fighting unemployment, particularly<br>youth unemployment, and on the follow-up to reforms to improve the<br>functioning of labour markets. |  |
| Financial Assistance<br>to Member States<br>Greece | 29 June 2018<br><u>The Euro Summit</u> group welcomes the Eurogroup Statement of 21<br>June 2018 on the final disbursement of ESM financing to Greece and<br>on the medium-term debt relief measures, which successfully<br>complete the financial assistance to Greece.  |  |

| Policy Field<br>Specific issue | Conclusion   | Follow-up action  |
|--------------------------------|--|---|
|                                | <u>12 July 2015</u><br>Given the need to rebuild trust with Greece, the Euro Summit welcomes<br>the commitments of the Greek authorities to legislate without delay a<br>first set of measures.  |   |
|                                | The Euro Summit acknowledges the importance of ensuring that<br>the Greek sovereign can clear its arrears to the IMF and to the<br>Bank of Greece and honour its debt obligations in the coming<br>weeks to create conditions which allow for an orderly conclusion<br>of the negotiations. The risks of not concluding swiftly the<br>negotiations remain fully with Greece. The Euro Summit invites<br>the Eurogroup to discuss these issues as a matter of urgency. | Eurogroup statement on Greece of 22 June<br>2018 commended the Greek authorities for<br>the completion of all the agreed prior actions<br>of the final review of the ESM programme. |

## 1.3. Tax Policies

| Policy Field<br>Specific issue         | Conclusion  | Follow-up action   |
|--|---|--|
| <b>Company Taxation</b><br>Tax Rulings | <u>18 December 2014</u><br>Stressing the importance of transparency, the European Council<br>looks forward to the Commission's proposal on the automatic<br>exchange of information on tax rulings in the EU.   | Council Directive (EU) 2015/2376 of 8<br>December 2015 amending Directive<br>2011/16/EU as regards mandatory automatic<br>exchange of information in the field of<br>taxation<br>Procedure: 2015/0068(CNS)               |
|  | <u>24 October 2014</u><br>Stressing the importance of transparency, the European Council<br>looks forward to the Commission's proposal on the automatic<br>exchange of information on tax rulings in the EU.  | <u>Council Directive (EU) 2015/2376</u> of 8<br>December 2015 amending Directive<br>2011/16/EU as regards mandatory automatic<br>exchange of information in the field of<br>taxation<br>Procedure: <u>2015/0068(CNS)</u> |
| Tax Evasion                            | <u>28-29 June 2018</u><br>Ensuring fair and effective taxation remains a key priority. In that<br>context, the fight against tax avoidance, evasion and fraud must be<br>vigorously pursued both at global level (notably in the OECD) and<br>within the EU). |  |

| Policy Field<br>Specific issue | Conclusion   | Follow-up action   |
|--------------------------------|--|--|
| Value Added Tax                | <u>28-29 June 2018</u><br>Work should also continue on how to ensure effective VAT<br>collection, including swift progress on the Commission proposals<br>on short-term measures.  |  |
|                                | <u>17-18 March 2016</u><br>The European Council notes that the Commission intends to publish<br>shortly a communication on an action plan on VAT. It welcomes the<br>intention of the Commission to include proposals for increased<br>flexibility for Member States with respect to reduced rates of VAT,<br>which would provide the option to Member States of VAT zero rating<br>for sanitary products. |  |
| VAT for E-commerce             | 28 June 2016<br>The European Council called for swift and determined progress to<br>bring the full benefits of the Digital Single Market to all<br>stakeholders through modernisation of VAT systems   | Council Implementing Regulation (EU)<br>2017/2459 of 5 December 2017 amending<br>Implementing Regulation (EU) No 282/2011<br>laying down implementing measures for<br>Directive 2006/112/EC on the common<br>system of value added tax<br>Council Directive (EU) 2017/2455 of 5<br>December 2017 amending Directive<br>2006/112/EC and Directive 2009/132/EC as<br>regards certain value added tax obligations<br>for supplies of services and distance sales of<br>goods<br>Procedure: 2016/0370(CNS) |

| Policy Field<br>Specific issue  | Conclusion  | Follow-up action  |
|---|---|---|
| Taxation of Digital<br>Economy<br>Digital Taxation:<br>Revenues and Profits | <u>28-29 June 2018</u><br>The Council should therefore take work forward on the Commission<br>proposals on digital taxation.                    |   |
|   | <u>19-20 October 2017</u><br>The European Council () looks forward to appropriate<br>Commission proposals by early 2018.                        | COM/2018/0148 final - 2018/073 (CNS)<br>Proposal for a COUNCIL DIRECTIVE on the<br>common system of a digital services tax on<br>revenues resulting from the provision of<br>certain digital services (21 March 2018)<br>COM/2018/0147 final - 2018/072 (CNS)<br>Proposal for a COUNCIL DIRECTIVE laying<br>down rules relating to the corporate taxation<br>of a significant digital presence (21 March<br>2018) |
|   | The European Council invites the Council to pursue its<br>examination of the Commission communication on this issue (fair<br>taxation system)() | -   |

## 2. Employment and social policies

## A. Background

At the height of the economic crisis, the European Council devoted a great deal of attention to the issue of employment, and especially to the employment of young people, most severely hit by the effects of the crisis. Despite a rise in overall employment levels since 2014, the situation on the job market still varies widely between Member States while youth unemployment remains an issue of concern across the EU. As a result employment and social issues, temporarily put aside by the migration and refugee crises, resurfaced on the European Council agenda in 2016.

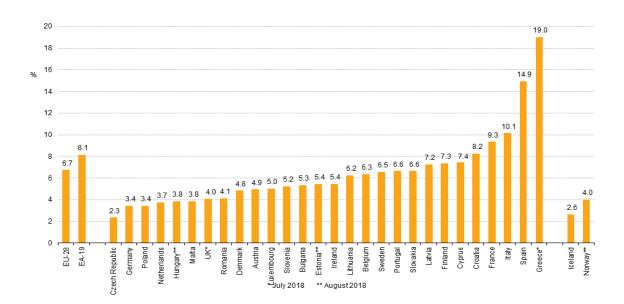


Figure 1 – Unemployment rates, seasonally adjusted, September 2018 (%)

#### Source: <u>Eurostat</u>.

According to Eurostat figures, in September 2018 the **euro area (EA19)** seasonally-adjusted unemployment rate stood at **8.1 %** while the **EU28** unemployment rate was **6.7 %**. These are the lowest rates recorded since 2008.

Youth unemployment rates are generally much higher, sometimes even more than double, the rates for all ages. In September 2018, the youth unemployment rate was **14.9** % in the **EU28** and **16.8** % in the **euro area**. In September 2018, the lowest rates were observed in the Czech Republic and Germany (both 6.3 %) as well as the Netherlands (7.5 %), while the highest were recorded in Greece (37.9 % in July 2018), Spain (34.3 %) and Italy (31.6 %).

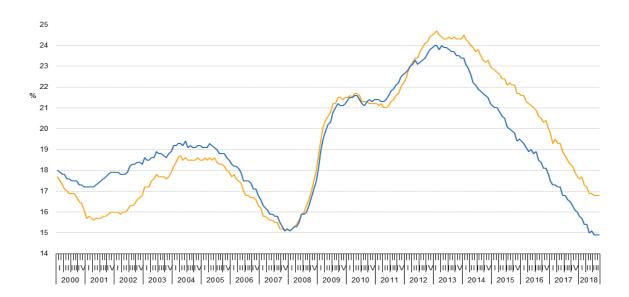


Figure 2 – Youth unemployment rates, EU-28 and EA-19, seasonally adjusted, January 2000 – September 2018 (%)

Euro area (EA-19), seasonally adjusted series

— EU-28, seasonally adjusted series

#### Source: <u>Eurostat</u>.

Using the <u>European Semester</u>, the European Council began monitoring annual EU level progress on the <u>targets</u> set by the <u>Europe 2020 strategy</u>, the EU's agenda for growth and jobs for the current decade. The strategy, adopted at European Council level in 2010, includes targets in social and employment areas as well as in education (see also point D.3). Between 2010 and 2013, the European Council agreed on a number of initiatives aimed at encouraging job creation, notably measures targeted at young people to improve their access to the labour market and increase their mobility, such as the <u>Youth Guarantee</u>, the <u>Youth Employment Initiative</u> and the <u>European Alliance for Apprenticeships</u>. After a period of only limited attention being paid to social and employment issues between 2013 and 2016, the political debate on the future of Europe launched by the EU 27 leaders (without the United Kingdom (UK)), following the latter's decision to leave the EU, has given these issues new momentum. The process began with the <u>Bratislava Declaration</u> of 16 September 2016, and culminated in the signing of the <u>Rome Declaration</u> on 25 March 2017, which promoted the issue of a 'social Europe [...], which fights unemployment, discrimination, social exclusion and poverty' as one of the EU's four priorities for the next 10 years.

The European Pillar of Social Rights (Social Pillar) is the most recent attempt to galvanise support for an ambitious <u>EU social agenda</u>, in an effort to address the protracted consequences of the financial and economic crises, which have led to long-term unemployment and poverty across many parts of Europe. The <u>Social Pillar</u> outlines 20 'principles' and 'rights' essential for the future development of EU labour markets and welfare systems and aims to foster convergence among Member States towards better working and living conditions. The Social Pillar was <u>proclaimed</u> at the highest level by the European Parliament, the Council and the Commission alongside EU leaders at the Gothenburg Social Summit for Growth and Jobs (Social Summit) on 17 November 2017.

# B. Legal basis for European Council action in employment and social policies

Article 9 of the Treaty on the Functioning of the European Union (TFEU): The European Council, when fulfilling its Treaty role of 'defining general directions and priorities' (Article 15 of the Treaty on European Union (TEU)), will need to 'take into account requirements linked to the promotion of a high level of employment, the guarantee of adequate social protection, the fight against social exclusion, and a high level of education, training and protection of human health', as provided for in Article 9 TFEU.

#### Employment policy

- Article 148(1) TFEU: 'The European Council shall each year consider the employment situation in the Union and adopt conclusions thereon, on the basis of a joint annual report by the Council and the Commission'.
- Article 148(2) TFEU: 'On the basis of the conclusions of the European Council, the Council, on a proposal from the Commission and after consulting the European Parliament, the Economic and Social Committee, the Committee of the Regions and the Employment Committee referred to in Article 150, shall each year draw up guidelines which the Member States shall take into account in their employment policies. These guidelines shall be consistent with the broad guidelines adopted pursuant to Article 121(2)'.
- Article 148(5) TFEU: 'On the basis of the results of that examination, the Council and the Commission shall make a joint annual report to the European Council on the employment situation in the Union and on the implementation of the guidelines for employment'.

#### Social policy

- Article 48 TFEU: '[...] Where a member of the Council declares that a draft legislative act referred to in the first subparagraph would affect important aspects of its social security system, including its scope, cost or financial structure, or would affect the financial balance of that system, it may request that the matter be referred to the European Council [...]'.
- Article 152 TFEU: 'The Union recognises and promotes the role of the social partners at its level, taking into account the diversity of national systems. It shall facilitate dialogue between the social partners, respecting their autonomy. The Tripartite Social Summit for Growth and Employment shall contribute to social dialogue'.
- Council Decision (EU) 2016/1859 of 13 October 2016, Article 4: The [Tripartite Social] Summit shall be chaired jointly by the President of the European Council and the President of the Commission, with the participation of the current Council Presidency.

# C. Strategic orientations

Europe 2020 strategy: targets for reducing unemployment, poverty and social exclusion

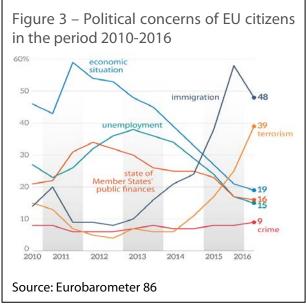
The strategy sets five EU-wide targets to fulfil by 2020, among which <u>three</u> are in the areas of employment, education, poverty and social exclusion. More specifically, these targets are to: raise the employment rate of people aged between 20 and 64 to 75 %; lifting at least 20 million people out of poverty and/or social exclusion; reduce early school leaving by 10 % and ensure that at least 40 % of 30-34 year-olds complete tertiary education. Progress has been made in <u>some of these areas</u>, for instance in education, however additional efforts are still needed in alleviating poverty and improving youth employment rates.

> Developing the social dimension of the Union: addressing the consequences of the crisis

In the aftermath of the global financial crisis, the <u>European debt sovereign crisis</u> broke out in 2009 involving a number euro area countries. The <u>effects of the crisis</u> in terms of rising unemployment and poverty levels has impacted social systems and is putting social cohesion and inclusion in European societies at risk. It is in this context, that the December 2012 European Council called for the social dimension of economic and monetary union (EMU) to be strengthened, 'for Europe to remain a highly competitive social market economy and to preserve the European social model'. To this end, the President of the European Council, in cooperation with the President of the Commission, and after consulting Member States, called for the development of appropriate indicators within the European Semester to improve the monitoring of employment and social issues across Member States. The resulting scoreboard has been included in the European Semester since 2014.

A social Europe: strategic priority in the debate on the future of Europe

At the Bratislava summit on 16 September 2016, EU 27 leaders agreed on a number of short term objectives to fulfil over the following months. They pledged to work towards 'a promising economic future for all', safeguarding 'our way of life' and providing 'better opportunities for youth'. A number of concrete measures were thus to be taken in each of these areas including, notably, decisions on fighting youth unemployment and ensuring support for programmes dedicated to young people.

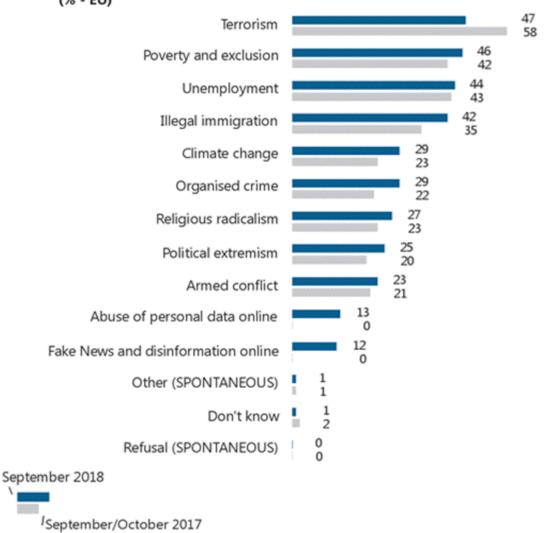


Although youth unemployment was included among the objectives that EU leaders prioritised following the Bratislava summit, it was not a standalone objective but rather was included under economic and trade issues. This reflected the <u>three</u> main concerns of EU citizens in 2016, migration, security and the economy.

While in 2012, employment and social issues were addressed in the context of discussions on the completion of the EMU, and in 2016, at the Bratislava summit along with economic and trade issues, the 2017 Rome Declaration promoted a 'social Europe' to one of the four strategic priorities of the EU for the years ahead.

EU leaders put the issue of youth unemployment at the top of the agenda and pledged to work towards 'a Union that fights unemployment [...] social exclusion and poverty [...]'. The latest Eurobarometer figures of September 2018 confirm that poverty and unemployment are among the top three concerns of EU citizens: Figure 4 - Eurobarometer survey question on EU citizens' concerns

QA18T The EU and its citizens are facing a number of threats. From which of the following should the EU protect its citizens? Firstly? And then?
(% - EU)



Source: Eurobarometer.

Southenburg Social Summit: upwards convergence in working and living conditions

The November 2017 Gothenburg Social Summit followed up on the pledges made in Rome and solemnly proclaimed the European Pillar of Social Rights. On the margins of the Social Summit, the Heads of State or Government also addressed education and culture issues on the basis of a <u>note</u> circulated beforehand by European Council President Donald Tusk, which highlighted their key role in building inclusive and cohesive societies. President Donald Tusk stressed that the <u>outcome</u> of the summit and of the leaders' discussion would be reflected in the conclusions of the following European Council meeting.

Education is not a topic that appears frequently on the European Council agenda, but in December 2017, the Heads of State or Government discussed social and education issues. They emphasised that, although Member States remained primarily responsible for these areas, much could be achieved by working together. Promoting 'convergence through efforts at all levels' was a key element throughout the text of the conclusions. Quality education and training are the <u>most</u>

<u>effective ways</u> to promote social and professional development, improve employability prospects and prevent social exclusion.

### D. Noteworthy commitments: specific requests, and follow-up

### D.1. The European Pillar of Social Rights

European Commission President Jean-Claude Juncker laid out his vision for a Social Pillar in his first state of the Union address in 2015. The <u>proposal</u> was published in April 2017 and was primarily addressed to euro area countries, while equally open to countries outside the euro area. The Social Pillar is <u>designed</u> to serve as a 'compass for a renewed process of upward convergence towards better working and living conditions in the European Union'.

The <u>December 2017 European Council</u> initiated first steps for the implementation of the Social Pillar at Union and Member State level 'with due regard' to 'their competences'. It also invited the Commission to propose appropriate monitoring for its implementation. Thus, in March 2018, the Commission <u>proposed</u> a series of measures: 1) embedding Social Pillar principles within the European Semester; 2) providing technical assistance, supporting benchmarking and the exchange of good practices and 3) screening employment and social performances through a new <u>social scoreboard</u> replacing the 2013 scoreboard.

At EU level, the Social Pillar <u>will be implemented</u> through legislative and non-legislative measures, with an emphasis placed on the enforcement of the existing <u>social acquis</u>, to be updated where necessary. The 2017 Social Pillar proposal was indeed accompanied by legislative proposals on <u>work-life balance for parents and carers</u> and <u>transparent and predictable working conditions</u>, as well as a <u>Council Recommendation on access to social protection</u> for workers and the self-employed. The proposals aim to respond to labour market changes, for instance digitalisation, cover all workers, in all forms of work, and ensure equal access to social protection, specifically for categories of people most at risk, e.g. young people who have been significantly affected by the crisis.

The December 2017 European Council called for progress on pending social files as well as on future initiatives in the Commission work programme. As early as March 2018, the European Council invited the Council to examine the initiatives presented by the Commission under the <u>Social Fairness package</u>. The Social Fairness package supports the implementation of the Social Pillar and consists of: 1) a proposal for setting up a <u>European Labour Authority</u> (ELA),<sup>1</sup> a new body designed to strengthen cooperation between labour market authorities and help prevent infringements of EU and national labour law; 2) a <u>Council Recommendation</u> to <u>improve access to social protection</u> for workers and the self-employed, and 3) a legislative proposal on a <u>European social security number</u>.

At its meeting in June 2018, the Employment, Social Policy, Health and Consumer Affairs Council (EPSCO) discussed progress on the ELA. While most Member States <u>agreed</u> on the objectives of the proposal, several issues remained to be addressed with regard to the functioning of the body, division of responsibilities, financial and administrative issues and finally concerns related to joint inspections. Agreement on the file <u>is expected</u> to be reached before the <u>end of the year</u>. As for the proposal on <u>access to social protection</u>, it was <u>discussed</u> by the Council Working Party on Social Questions early in April 2018.

<sup>&</sup>lt;sup>1</sup> The European Labour Authority should: 1) facilitate access to information on rights and obligations in cases of cross border mobility for employees, employers and national administrations, 2) support coordination between Member States in the cross-border enforcement of relevant EU law, 3) mediate between Member State authorities in order to resolve cross-border disputes between them, and 4) facilitate solutions in case of labour market disruptions.

### D.2. Fighting youth unemployment

Following up on objectives set at the Bratislava Summit, the 2016 December European Council called for the continuation of the <u>Youth Guarantee</u>, adopted in 2013, and welcomed the increased support for the Youth Employment Initiative (YEI). Back in December 2012, the European Council called on the Council to adopt a <u>Recommendation</u> setting up the Youth Guarantee, which in the meantime all Member States have committed to implement. The objective of national Youth Guarantee schemes is to ensure that all young people under the age of 25 years receive either an offer of employment, continued education, or an apprenticeship/ traineeship within four months of becoming unemployed or leaving formal education.

In its <u>conclusions</u> on the multiannual financial framework of 8 February 2013, the European Council decided to create a dedicated funding instrument, the <u>YEI</u>. In June 2017, the Council and the Parliament <u>agreed</u> to <u>increase</u> the YEI budget by €2.4 billion for the 2017 to 2020 period.<sup>2</sup> Following the <u>evaluation</u> of the Youth Guarantee, more effort will be needed to reach young people particularly those at risk of social exclusion e.g. young people facing multiple barriers to entering the labour market (poverty, social exclusion, disability and discrimination).

### D.3. Support for programmes dedicated to youth

The December 2016 European Council called for work to be taken forward on Commission <u>initiatives</u> dedicated to <u>youth</u>, including those on mobility, <u>education</u>, and skills development. In its <u>December</u> <u>2016 communication</u>, the Commission focused on the urgent need to invest in Europe's youth by providing better education and training opportunities and thus facilitating their access to the labour market. Following up on the Rome summit where EU leaders committed to a Union 'where young people receive the best education and training and can study and find jobs across the continent', the <u>December 2017 European Council</u> called on Member States and EU institutions to take forward a number of priority issues. These include, notably, facilitating the recognition of academic diplomas, stepping up youth mobility, and improving digital skills and language learning. A number of <u>initiatives</u> have since been launched or are currently under implementation at EU level.

# E. Challenges ahead and outlook

EU leaders will be meeting in Sibiu, in May 2019, to take stock of the implementation of the Leaders' Agenda and to discuss the future of the EU with 27 Member States. This includes taking stock of the guidelines set out by the European Council in its conclusions of 14 December 2017, including the implementation of the Social Pillar. Despite ambitious legislative proposals accompanying it, experts note that the Social Pillar remains, essentially, a soft law instrument without legally binding force; moreover, its implementation will be monitored through the European Semester, which has only a <u>weak enforcement mechanism</u>. Member States, social partners and civil society remain the key actors in the delivery of the Social Pillar as it is they that have the competences and necessary tools to translate the proclamation of the Social Pillar into concrete implementation on the ground.

Although the youth unemployment rate has decreased since 2013, it is still <u>more than twice</u> the general unemployment rate, and therefore support for young people <u>must be maintained</u>. The negotiations on the next multiannual financial framework will be essential in securing the necessary financial resources to achieve this. The Gothenburg Social Summit highlighted the importance of the social, educational and cultural dimension of policies in building a common future. However, while the negotiations on the next EU budget will undoubtedly be difficult given the current

<sup>&</sup>lt;sup>2</sup> The Youth Employment Initiative <u>budget</u> amounts to €8.8 billion. Half of that amount comes from a dedicated Youth Employment budget, which requires no co-financing at national level. The other half comes from the European Social Fund and member states need to top it up with their own financial contributions.

challenges facing the Union, it is of paramount importance that Heads of State or Government honour their pledges by supporting an EU budget able to deliver on the political agenda outlined in Bratislava and Rome.

# 2.1. Employment Policy

| Policy Field<br>Specific issue   | Conclusion  | Follow-up action  |
|--|---|---|
| General<br>Orientations/Overall<br>Objectives<br>European Pillar of Social<br>Rights | <u>14-15 December 2017</u><br>The Commission is invited to propose appropriate monitoring (for<br>the European Pillar of Social Rights).<br>As a first step the following should be taken forward:<br>- implementing the European Pillar of Social Rights at Union and<br>Member State level, with due regard to their respective | <ul> <li><u>SWD(2018) 67</u> of 13 March 2018<br/>accompanying the document COM (2018) 130<br/>on monitoring the implementation of the<br/>European Pillar of Social Rights.</li> <li><u>COM(2018) 130</u> of 13 March 2018 on<br/>monitoring the implementation of the<br/>European Pillar of Social Rights.</li> <li><u>Proposal COM (2018) 131</u> of 13 March 2018 for<br/>a Regulation of the European Parliament and<br/>of the Council establishing a European Labour</li> </ul>                           |
|  | competences.  | <ul> <li>Authority.</li> <li>Proposal COM (2018)132 of 13 March 2018 for a Council Recommendation on access to social protection for workers and the self-employed.</li> <li>Proposal COM (2017) 797 of 21 December 2017 for a Directive of the European Parliament and of the Council on transparent and predictable working conditions in the European Union.</li> <li>Proposal COM (2017) 253 of 26 April 2017 for a Directive of the European Parliament and of the Council on the European Union.</li> </ul> |

| Policy Field<br>Specific issue   | Conclusion  | Follow-up action   |
|--|---|--|
|  |   | and carers and repealing Council Directive 2010/18/EU.   |
|  | The European Council will come back to all these matters in March 2018 to ensure appropriate follow-up. | European Council conclusions of 22 March 2018  |
| Youth<br>Employment/Fighting<br>Youth<br>Unemployment<br>Youth Guarantee | 15 December 2016<br>The European Council calls for the continuation of the Youth<br>Guarantee.          | <ul> <li>Proposal COM(2018) 382 of 30 May 2018 for a<br/>Regulation of the European Parliament and of<br/>Council on the European Social Fund Plus<br/>(ESF+).</li> <li>European Parliament resolution of 18 January<br/>2018 on the implementation of the Youth<br/>Employment Initiative in the Member States<br/>(2017/2039(INI)).</li> <li>Definitive adoption (EU, Euratom) 2017/2120<br/>of of 13 December 2017 amending budget No<br/>3 of the European Union for the financial year<br/>2017,OJ L 330/1.</li> <li>Statement of 6 March 2017 of the European<br/>Parliament and the Council on reinforcements<br/>(top-ups) for the remaining period of the<br/>MFF.</li> </ul> |

| Policy Field<br>Specific issue | Conclusion   | Follow-up action   |
|--------------------------------|--|--|
|                                | It also calls for work to be taken forward on the recent<br>Commission initiatives dedicated to youth, including those on<br>mobility, education, skills development and the European<br>Solidarity Corps. | <ul> <li>Proposal COM/2018/440 of 11 June 2018 for a Regulation of the European Parliament and Council on establishing the European Solidarity Corps programme and repealing [European Solidarity Corps Regulation] and Regulation (EU) No 375/2014.</li> <li>On 26 November 2018, the Council agreed its position (partial general approach) on the European Solidarity Corps (ESC) for 2021-2027.</li> </ul> |
|                                | <u>20-21 October 2016</u><br>The European Council restates the importance of achieving<br>tangible results by December() on enhancing EU youth<br>programmes.  | European Council conclusions of 15<br>December 2016.   |
|                                | The European Council restates the importance of achieving<br>tangible results by December on EU support for Member States in<br>fighting youth unemployment ().  | European Council conclusions of 15<br>December 2016.   |
|                                | <u>16 September 2016</u><br>In December - decisions on EU support for Member States in fighting youth unemployment ().   | European Council conclusions of 15<br>December 2016.   |

| Policy Field<br>Specific issue            | Conclusion   | Follow-up action  |
|---|--|---|
|   | In December - decisions () on enhanced EU programmes dedicated to youth.   | European Council conclusions of 15<br>December 2016.  |
| Youth Employment<br>Initiative            | <u>15 December 2016</u><br>The European Council welcomes the increased support for the Youth<br>Employment Initiative.   |   |
| Skills and training<br>Skills development | <u>14-15 December 2017</u><br>The European Council also asks the Commission, the Council and<br>the Member States to examine possible measures addressing:<br>-the skills challenges linked to digitalisation, cybersecurity, media<br>literacy and artificial intelligence. | Education, Youth, Culture and Sport Council<br>conclusions of 22 May 2018.<br>COM(2018)236 of 26 April 2018 on tackling<br>online disinformation: a European approach.<br>COM(2018) 237 of 25 April 2018 on artificial<br>intelligence for Europe.<br>COM(2018) 22 of 17 January 2018 - Digital<br>Education Action Plan. |
|   | As a first step the following should be taken forward: delivering<br>further on the new European Skills Agenda ().   | Council Recommendation of 22 May 2018 on<br>key competences for lifelong learning, OJ C<br>189/1.<br>Decision (EU) 2018/646 of the European<br>Parliament and of the Council of 18 April 2018<br>on a common framework for the provision of   |

| Policy Field<br>Specific issue                                   | Conclusion  | Follow-up action  |
|--|---|---|
|  | <u>15 December 2016</u><br>It also calls for work to be taken forward on the recent<br>Commission initiatives dedicated to youth, including those on<br>mobility, education, skills development and the European<br>Solidarity Corps. | better services for skills and qualifications<br>(Europass) and repealing Decision No<br>2241/2004/EC, OJ L 112.<br>Council Recommendation of 20 November<br>2017 on tracking graduates, OJ C 423.<br>Proposal COM/2018/440 of 11 June 2018 for a<br>Regulation of the European Parliament and<br>Council on establishing the European<br>Solidarity Corps programme and repealing<br>[European Solidarity Corps Regulation] and<br>Regulation (EU) No 375/2014.<br>On 26 November 2018, the Council agreed its<br>position (partial general approach) on the<br>European Solidarity Corps (ESC) for 2021-<br>2027. |
| Functioning of<br>Labour Markets<br>European Labour<br>Authority | <u>22 March 2018</u><br>The European Council invites the Council to examine (),<br>including the proposal on a European Labour Authority.   | Employment, Social Policy and Health Council conclusions of 21-22 June 2018.  |

# 2.2. Social Policy

| Policy Field<br>Specific issue   | Conclusion  | Follow-up action  |
|--|---|---|
| General<br>Orientations/Overall<br>Objectives<br>European Pillar of Social<br>Rights | <u>14-15 December 2017</u><br>As a first step the following should be taken forward: progressing swiftly on pending social files at EU level. | <ul> <li>European Parliament Employment and Social Affairs Committee voted on 11 July 2018 on the proposal for a Directive of the European Parliament and of Council on work-life balance for parents and carers and repealing Council Directive 2010/18/EU.</li> <li>The Council reached a general approach on the file on 21 June 2018. Interinstitutional negotiations started in September 2018.</li> <li>Directive (EU) 2018/957 of the European Parliament and of the Council of 28 June 2018 amending Directive 96/71/EC concerning the posting of workers in the framework of the provision of services, OJ L173.</li> <li>Council adopted its position on 21 June 2018 on the proposal for a Regulation of the European Parliament and of Council amending Regulation (EC) No 883/2004 on the coordination of social security systems and regulation (EC) No 987/2009 laying down the procedure for implementing Regulation (EC) No 883/2004. The European Parliament</li> </ul> |

| Policy Field<br>Specific issue | Conclusion  | Follow-up action   |
|--------------------------------|---|--|
|                                |   | Employment and Social Affairs Committee<br><u>voted</u> on 20 November 2018 on the proposal.   |
|                                | As a first step the following should be taken forward: examine<br>future initiatives announced by the Commission in its Work<br>Programme for 2018.   | Council adopted its <u>position</u> on 21 June 2018<br>on the proposal for a Directive of the<br>European Parliament and of Council on<br>transparent and predictable working<br>conditions in the European Union.<br>The European Parliament Employment and<br>Social Affairs Committee <u>voted</u> on the<br>proposal on 18 October 2018. |
|                                | The Commission is invited to propose appropriate monitoring (for the European Pillar of Social Rights).   | SWD(2018) 67 of 13 March 2018<br>accompanying the document COM (2018) 130<br>on monitoring the implementation of the<br>European Pillar of Social Rights.<br>COM(2018) 130 of 13 March 2018 on<br>monitoring the implementation of the<br>European Pillar of Social Rights.  |
|                                | As a first step the following should be taken forward:<br>- implementing the European Pillar of Social Rights at Union and<br>Member State level, with due regard to their respective<br>competences. | Proposal COM (2018) 131 of 13 March 2018 for<br>a Regulation of the European Parliament and<br>of the Council establishing a European Labour<br>Authority.<br>Proposal COM (2018)132 of 13 March 2018 for<br>a Council Recommendation on access to   |

| Policy Field<br>Specific issue                               | Conclusion   | Follow-up action  |
|--|--|---|
|  | The European Council will come back to all these matters in March 2018 to ensure appropriate follow-up.         17-18 March 2016         The European Council notes the Commission consultation on social issues and stresses the importance of well-functioning labour markets and welfare systems. | <ul> <li>social protection for workers and the self-employed.</li> <li>Proposal COM (2017) 797 of 21 December 2017 for a Directive of the European Parliament and of the Council on transparent and predictable working conditions in the European Union.</li> <li>Proposal COM (2017) 253 of 26 April 2017 for a Directive of the European Parliament and of the Council on work-life balance for parents and carers and repealing Council Directive 2010/18/EU.</li> <li>European Council conclusions of 22 March 2018</li> </ul> |
| Social Protection &<br>Social Inclusion<br>Social protection | <u>22 March 2018</u>   | Employment, Social Policy and Health Council conclusions of 21-22 June 2018.  |

| Policy Field<br>Specific issue | Conclusion   | Follow-up action |
|--------------------------------|--|------------------|
|                                | The European Council invites the Council to examine the<br>initiatives presented by the Commission under the Social Fairness<br>package. |                  |

# 3. Competitiveness

# A. Background

The global financial and economic crisis, which began in 2008, resulted in slow growth, a steep drop in investment and, consequently, high unemployment rates across most of the EU. The need to boost growth and create jobs has therefore featured high on the European agenda, guided by the <u>Europe 2020 strategy</u>. Endorsed by the <u>European Council in June 2010</u>, this broad strategy aims to boost employment levels and research and development spending as well as reduce greenhouse gases emissions and alleviate poverty. 'Member States must now act to implement these policy priorities at their level', said the leaders in 2010. An important instrument in this context is the <u>European Semester</u>, through which, based on strategic guidance by the European Council, the Member States coordinate their economic policies.

The pace of recovery after the worst of the crisis had passed was, however, relatively uneven and high unemployment still plagued a number of Member States. For this reason, in June 2014 at the start of the new institutional cycle, the European Council established the '<u>Strategic agenda for the EU in times of change</u>' for the next five years, in which it identified a number of major challenges, including: 'slow growth, insufficient public and private investment, and a lack of competitiveness'. According to <u>economic analysis</u>, weak investment after the crisis led to fragile recovery, holding back growth and employment. To address these challenges, the Heads of State or Government stressed that the EU should:

- boost investment by mobilising the right mix of private and public funding for long-term projects and by facilitating access to finance for small and medium-sized enterprises (SMEs). The European Council recognised in December 2014 that 'fostering investment and addressing market failure in Europe' was a key policy challenge;
- fully exploit the potential of the single market, including the digital single market, which is, as stressed at the December 2015 European Council, 'Europe's main engine for growth and job creation and a key to investment and increasing European competitiveness';
- make economic and monetary union a factor of stability and growth, by strengthening euro area governance and economic policy coordination (see Chapter 1 for details).

The <u>10 priorities</u> of the European Commission, <u>set out</u> in advance of the European Parliament's vote on 15 July 2014 that saw Jean-Claude Juncker elected as its president, closely mirror those of the European Council.

The measures envisaged aim to ensure the removal of all remaining barriers to products and services in the single market, create an integrated digital single market in order to unlock the full potential of new technologies and new forms of business, and establish a capital markets union, securing businesses better access to finance. Together with the launch of the <u>Investment Plan for Europe</u> and improved economic governance in the framework of the European Semester, the implementation of these three single market strategies is expected to lead to increased competitiveness of the European economy, boosting growth and jobs.

At the same time, the Heads of State or Government recognised the challenge of big data and the need to ensure data protection, cybersecurity and the development of high-capacity networks, if the EU wants to develop the data economy and make full use of the opportunities offered by artificial intelligence. One of the biggest economic disruptions in the coming years, on a par with the introduction of the internet in the 1990s, will be the deployment of machine learning and the

automation of jobs. A recent <u>study</u> estimates that 'between 400 million and 800 million individuals could be displaced by automation and need to find new jobs by 2030 around the world'.

The Tallinn Digital Summit in September 2017 underlined the commitment of Heads of State or Government to addressing the challenges of digitalisation. After the summit, the President of the European Council, Donald Tusk, <u>said</u>: 'We held this summit because Europe must use the opportunities created by huge advances, in everything from robotics to artificial intelligence. We need to actively shape our future and manage the risks posed by the digital revolution to our societies and democracies'.

In this way, in the years immediately following the outbreak of the global economic and financial crisis, macroeconomic issues, as well as measures aimed at boosting growth and investment and completing the European single market, were – according to a <u>study</u> commissioned by DG EPRS – highly prominent themes on the European Council agenda. Many of the policy decisions aimed at resolving the crisis were notably taken at the level of the Heads of State or Government. Since 2014 however, attention given to strictly economic topics has declined, while the debate on the European single market strategies, including issues of data protection and taxation. Nevertheless, although still present on the EU leaders' meeting agendas in recent years, economic and single market topics have been overshadowed by an unprecedented focus on migration.

### B. Legal basis for European Council action in competitiveness

Decision making in the areas of the single market, the digital single market and the capital markets union and some aspects of economic governance falls under the ordinary legislative procedure (formerly referred to as co-decision), with the European Parliament and the Council of the EU acting as co-legislators. Structural reforms and general economic policies, however, are coordinated through assessment of <u>the national reform programmes</u> with the help of economic analysis and forecasts.

Under Article 121(2) of the <u>Treaty on the Functioning of the European Union</u>: 'The European Council shall, acting on the basis of the report from the Council, discuss a conclusion on the broad guidelines of the economic policies of the Member States and of the Union'.

#### European Semester

The latest broad economic policy guidelines, reflecting the conclusions of the European Council, were adopted as <u>Council recommendations</u> in 2015 for the following three years. They form the basis for <u>the national reform programmes</u>, in which Member States outline measures to achieve their <u>Europe 2020</u> targets.

These documents, along with stability (for euro area countries) and convergence (for non-euro area countries) programmes feed into <u>the European Semester</u>, where the Member States, in the first six months of the year, align their budgetary and economic policies with the objectives and rules agreed at EU level (see <u>this study</u> for the track record on implementation).

The European Council plays an important role in this process, which ends with the Council issuing <u>country-specific recommendations to Member States</u>:

early in the year, usually in March, the European Council 'identifies the main challenges facing the Union and the euro area and gives strategic guidance on policies [...] Member States should take into account the horizontal guidance by the European Council.' (Recital 14, <u>Regulation (EU) No 1175/2011</u> on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies); > on the basis of national reform programs, the Commission drafts country-specific recommendations; before the Council finally adopts them, usually in July, the European Council endorses them, usually in June.

### C. Strategic orientations

Following up on the main orientations defined in the 2014 <u>Strategic Agenda for the EU</u>, the European Council identified the following strategic priorities:

Boosting investment in Europe: European Fund for Strategic Investment (EFSI)

In order to address market failures and mobilise investment in the EU, the European Council called for the establishment of the EFSI, to be one of the three pillars of the Investment Plan for Europe. The Heads of State or Government repeatedly endorsed the plan. The EFSI helps to finance strategic investments in key areas such as infrastructure, research and innovation, education, renewable energy and energy efficiency as well as risk finance for small and medium-sized enterprises (SMEs).

Heads of State or Government also endorsed the EFSI's extension in <u>December 2016</u>. On 1 January 2018, <u>EFSI 2</u> came into force. As of <u>October 2018</u>, the EFSI is expected to trigger €344 billion in investment; and approximately 793 000 SMEs are set to benefit.

#### Completing all aspects of the European single market by the end of 2018

In its <u>conclusions of December 2015</u>, the European Council called for ambition in the implementation of the Commission's <u>single market strategy</u> (October 2015). It also invited EU institutions to accelerate their work on the implementation of the <u>digital single market strategy</u> (May 2015) and the <u>action plan on capital markets union</u> (September 2015).

In order to reap all its benefits, the Heads of State or Government underlined that the legislation on the single market should be effectively and fully applied and enforced in practice, while adapting it to emerging challenges and minimising burdens on economic actors. They also <u>committed the EU</u> to completing and implementing the various single market strategies by the end 2018.

In the <u>Rome declaration</u> of March 2017, the Heads of State or Government included 'the strong, connected and developing single market, embracing technological transformation' as a part of the second priority in their commitment to establish 'A prosperous and sustainable Europe'.

#### Better law-making

The European Council has also systematically supported action by both European institutions and Member States towards better law-making, which is a horizontal priority strongly related to competitiveness.

### D. Noteworthy commitments: specific requests and follow-up

#### Single market strategies

The European Council has been following up regularly on progress made in the implementation of the single market strategies, which it describes as 'Europe's main engine for growth and job creation and a key to investment and increasing European competitiveness'.

In June 2017, the European Council welcomed the Commission's mid-term reviews of the <u>digital</u> <u>single market strategy</u> and the <u>capital markets union action plan</u>, and reiterated its previous commitment to completing the three single market strategies by the end of 2018.

#### Digital single market

Reducing the current fragmentation of the European market and unlocking its full potential by notably embracing new technologies and adapting to new forms of business, including collaborative and digital economies, are core priorities for the European Council. In May 2015, the Commission launched the <u>digital single market strategy</u>, which the European Council <u>endorsed in June 2015</u>.

<u>At the June 2016 European Council</u>, the leaders took stock of the progress achieved in the digital single market area and reiterated that the EU should focus primarily on the immediate benefits that the digital single market would bring to consumers and businesses, the need to protect digital infrastructure and personal data online, and the establishment of world-class digital infrastructure.

<u>The June 2016 European Council</u> called for swift and determined progress to bring the full benefits of the digital single market to all stakeholders. Since then, the Council of the EU and the European Parliament have adopted legislation on following issues singled out by the leaders:

- cross-border portability, so that EU residents can access abroad the digital content they have purchased or subscribed to at home;
- removal of barriers to e-commerce, including unjustified <u>geo-blocking</u>, so that online customers can access and purchase a product or service from a website based in another Member State;
- cross-border parcel delivery, so that it is easier for consumers and businesses to compare different delivery prices across the Union;
- modernisation of VAT systems; one-stop shop for e-commerce VAT registration, so that it is easier to sell goods and services across borders;
- review of the wholesale roaming market; <u>roaming surcharges</u> were abolished in June 2017.

At the <u>October 2017 European Council</u> the leaders emphasised the need to build 'a first rate infrastructure and communications network' in the EU. <u>The agreement on the electronic communications code</u>, which aims to make it easier for companies to roll out 5G services and invest in high-capacity networks, is an important step in this direction as is the establishment of the <u>European High-Performance Computing Joint Undertaking</u> in 2018.

With the adoption of <u>General Data Protection Regulation (GDPR)</u> in April 2016, the EU equipped itself with state-of-the-art legislation to safeguard citizens' rights in the digital era. In the cybersecurity domain, <u>the directive on the security of network and information systems (NIS)</u> now allows Member States to track and monitor attacks on essential network infrastructure closely and to respond.

Building on discussions at the <u>Tallinn Digital Summit</u> in September 2017, <u>the October 2017</u> <u>European Council</u> committed the EU to completing the digital single market by the end of 2018. They also called for action to:

- bring governments and public sectors fully into the digital age;
- build a first rate infrastructure and communications network;
- adopt a common approach to cyber security;
- step up efforts to combat terrorism and online crime; and
- > achieve an effective and fair taxation system fit for the digital era.

#### Big Data

To compete successfully in the big data era, the EU needs to make it easier for companies to access vast amounts of data; and huge computing power is needed to process and put this data to work. The European Council has recognised both challenges: in <u>June 2016</u>, the leaders called for the coordination of EU efforts in high-performance computing; then in <u>December 2016</u>, they insisted on removing barriers to the free flow of data in the EU.

The leaders again highlighted the importance of the data economy at their <u>informal summit in Sofia</u> <u>in May 2018</u>. 'Data is an increasingly critical asset not only for innovation, business and growth, but above all for our daily lives,' reads the <u>Leaders' Agenda note 'Innovation and Digital'</u>, which highlights, inter alia, the need to ensure the free flow of non-personal data in the EU and secure support for high-performance computing.

Parliament and Council followed up on the latter in November 2018 when they adopted legislation that will <u>ban restrictions on data localisation</u>, thereby creating a single market for data storage and processing services, such as cloud computing. The Commission, on the other hand, proposed to establish the <u>European High-Performance Computing Joint Undertaking</u>; the Parliament and the Council adopted the proposal in 2018.

#### Capital Markets Union

As the EU's capital markets are fragmented and relatively underdeveloped, European companies are heavily reliant on banks to fund their investments. This makes them more vulnerable at a time when banks are reluctant to lend, as happened during the financial crisis. The crisis led to a precipitous drop in investment, hurting jobs and growth.

The European Council has therefore <u>called repeatedly</u> for the creation of a capital markets union (CMU). This would help businesses to tap into more diverse sources of capital from anywhere within the EU. The leaders also highlighted the importance of venture capital in financing innovation as well as easier access to financial markets for companies through simplification of prospectus requirements and rules for more efficient securitisation.

<u>The June 2016 European Council</u> urged the co-legislators to agree on proposals on <u>securitisation</u> (to free up some of the banks' capital for further lending to the economy) and the simplification of <u>prospectus requirements</u> (to facilitate the access to financial markets for companies). Council and Parliament adopted them in May and November 2017, respectively. The co-legislators also reached an agreement on <u>new rules for venture capital</u> (to boost investment in start-ups and innovation).

#### Better law-making

The European Council has systematically supported action by both European institutions and Member States to improve law-making, a horizontal priority strongly related to competitiveness. In May 2015, the Commission submitted a Better Regulation Package covering the full policy cycle, from planning and consultation in the preparatory phase to review and revision in the latter stages. This included a proposal for a new <u>Inter-institutional Agreement on Better Law-Making</u>, which entered into force in April 2016. Closer cooperation between the institutions, in particular during the legislative planning phase, improved use of impact assessments, and increased transparency in the policy cycle are important elements of the agreement.

# E. Challenges ahead and outlook

A competitive single market embracing digitalisation is a key element of two of the main objectives included in the Rome Declaration: 'a prosperous and sustainable Europe' and 'a social Europe'.

Consequently, ensuring long-term competitiveness and the fair distribution of wealth is likely to feature prominently in the discussion on the future of the European project at EU leaders' meetings.

The EU Heads of State or Government are therefore likely to continue to highlight the importance of a fully functioning single market for increasing the EU's competitiveness and building a promising economic future for all. At their October 2017 meeting, EU leaders took a holistic stance towards digital transformation and committed to building a strong and coherent digital Europe, in line with the discussions at the Tallinn Digital Summit. The delivery and implementation of the strategies on the capital markets union, digital single market and single market are all at the heart of this commitment.

In November 2018, following up on the leaders' request, the Commission published <u>a</u> <u>communication</u> on the state of play regarding the implementation, application and enforcement of existing legislation that is key for the functioning of the single market and an assessment of remaining barriers to its functioning. At the December 2018 European Council, EU leaders are due to discuss orientations for the future of the single market beyond the 2018 deadline.

In particular, this means that the EU will have to progress on many fronts, from digital copyright reform and ensuring privacy in electronic communication to regulation of online platforms and the taxation of digital companies. It will have to take work forward on further development of the capital markets union, for instance by ushering in pan-European pension products.

In view of the European elections, the <u>October 2018 European Council</u> emphasised the need for measures to combat disinformation and the dissemination of <u>illegal content online</u>; it expects the Commission to come up with an action plan in December. The leaders also stressed that the EU needs to beef up its cybersecurity; they urged the Parliament and the Council to wrap up negotiations on <u>cybersecurity proposals</u> by the end of the parliamentary term.

# 3.1. Investments in the EU

| Policy Field<br>Specific issue  | Conclusion   | Follow-up action  |
|---|--|---|
| Increasing<br>Investments to Real<br>Economy<br>Investment Plan:<br>Extension of the<br>European Fund for<br>Strategic Investment<br>(EFSI) | 22-23 June 2017<br>The European Council () calls on the legislators to rapidly agree<br>on the extension and reinforcement of the Fund (EFSI).   | Regulation (EU) 2017/2396 of the European<br>Parliament and of the Council of 13 December<br>2017 amending Regulations (EU) No<br>1316/2013 and (EU) 2015/1017 as regards the<br>extension of the duration of the European<br>Fund for Strategic Investments as well as the<br>introduction of technical enhancements for<br>that Fund and the European Investment<br>Advisory Hub<br>Procedure: 2016/0276(COD) |
|   | The European Council takes stock of the progress made on the European Fund for Strategic Investments.  |   |
|   | <u>15 December 2016</u><br>The European Council welcomes the agreement reached in the<br>Council on the extension of the European Fund for Strategic<br>Investment (EFSI), which should be adopted by the co-legislators<br>in the first half of 2017. | Regulation (EU) 2017/2396 of the European<br>Parliament and of the Council of 13 December<br>2017 amending Regulations (EU) No<br>1316/2013 and (EU) 2015/1017 as regards the<br>extension of the duration of the European<br>Fund for Strategic Investments as well as the<br>introduction of technical enhancements for<br>that Fund and the European Investment<br>Advisory Hub<br>Procedure: 2016/0276(COD) |

| Policy Field<br>Specific issue  | Conclusion   | Follow-up action  |
|---|--|---|
|   | 20-21 October 2016<br>The European Council calls on the Council to agree its negotiating<br>position on the Commission's new EFSI proposal at its meeting on<br>6 December, taking into account the independent external<br>evaluation that will be delivered in November.             | Regulation (EU) 2017/2396 of the European<br>Parliament and of the Council of 13 December<br>2017 amending Regulations (EU) No<br>1316/2013 and (EU) 2015/1017 as regards the<br>extension of the duration of the European<br>Fund for Strategic Investments as well as the<br>introduction of technical enhancements for<br>that Fund and the European Investment<br>Advisory Hub<br>Procedure: 2016/0276(COD) |
|   | <u>28 June 2016</u><br>The Commission intends to soon put forward proposals on the future<br>of the EFSI, which should be examined as a matter of urgency by the<br>European Parliament and the Council.   |   |
| Investment Plan:<br>European Fund for<br>Strategic Investment<br>(EFSI) | <u>28 June 2016</u><br>The Investment Plan for Europe, in particular the European Fund for<br>Strategic Investments (EFSI), has already delivered concrete results and<br>is a major step to help mobilise private investment while making smart<br>use of scarce budgetary resources. |   |
|   | <u>18 December 2014</u><br>The European Council calls for setting up a European Fund for<br>Strategic Investments (EFSI) in the EIB GroupThe Commission<br>will present a proposal in January 2015.  | Regulation (EU) 2015/1017 of the European<br>Parliament and of the Council of 25 June 2015<br>on the European Fund for Strategic<br>Investments, the European Investment<br>Advisory Hub and the European Investment  |

| Policy Field<br>Specific issue | Conclusion  | Follow-up action   |
|--------------------------------|---|--|
|                                |   | Project Portal and amending Regulations (EU)<br>No 1291/2013 and (EU) No 1316/2013 â€″ the<br>European Fund for Strategic Investments<br><u>Procedure: 2015/0009(COD)</u>  |
|                                | The European Council takes note of the favourable position the<br>Commission has indicated towards such capital contributions in the<br>context of the assessment of public finances under the Stability and<br>Growth Pact, necessarily in line with the flexibility that is built into its<br>existing rules;   |  |
|                                | Underlines that the EFSI will complement and be additional to<br>ongoing EU programmes and traditional EIB activities. In this context<br>the full use of all existing and allocated EU resources needs to be<br>encouraged. The Commission will work closely with the Member<br>States concerned to find solutions to maximise the use of<br>commitments under the 2007-2013 MFF period and recognises the<br>desirability of delivering long-term projects in the years ahead using<br>the flexibility of the existing rules; |  |
|                                | The European Council calls for setting up a European Fund for<br>Strategic Investments (EFSI) in the EIB Group with the aim to<br>mobilise 315 billion euro in new investments between 2015 and<br>2017.  | Regulation (EU) 2015/1017 of the European<br>Parliament and of the Council of 25 June 2015<br>on the European Fund for Strategic<br>Investments, the European Investment<br>Advisory Hub and the European Investment<br>Project Portal and amending Regulations (EU) |

| Policy Field<br>Specific issue | Conclusion  | Follow-up action  |
|--------------------------------|---|---|
|                                |   | No 1291/2013 and (EU) No 1316/2013 â€" the European Fund for Strategic Investments<br>Procedure: 2015/0009(COD) |
|                                | Supports the Commission's and the EIB's intention to strengthen technical assistance to projects at the European level and to create an investment advisory hub to be operational as of mid-2015;   |   |
|                                | 23-24 October 2014<br>The European Council supports the incoming Commission's intention<br>to launch an initiative mobilising 300 billion euro of additional<br>investment from public and private sources over the period 2015-<br>2017. |   |
|                                | The European Council supports the incoming Commission's intention<br>to launch an initiative mobilising 300 billion euro of additional<br>investment from public and private sources over the period 2015-<br>2017.                       |   |
|                                | It invited the Commission and the Council, in close cooperation in<br>particular with the EIB, () to report to the European Council in<br>December.   |   |

| Policy Field<br>Specific issue | Conclusion   | Follow-up action   |
|--------------------------------|--|--|
|                                | The European Council welcomed the establishment of a Task Force, led<br>by the Commission and the European Investment Bank, with a view to<br>identifying concrete actions to boost investment, including a pipeline<br>of potentially viable projects of European relevance to be realised in<br>the short and medium term. |  |
|                                | The European Council welcomed the establishment of a Task Force, led<br>by the Commission and the European Investment Bank, with a view to<br>identifying concrete actions to boost investment, including a pipeline<br>of potentially viable projects of European relevance to be realised in<br>the short and medium term. |  |
|                                | It [the European Council] invited the Commission and the Council,<br>in close cooperation in particular with the EIB, to take this<br>investment initiative forward without delay.   | Regulation (EU) 2015/1017 of the European<br>Parliament and of the Council of 25 June 2015<br>on the European Fund for Strategic<br>Investments, the European Investment<br>Advisory Hub and the European Investment<br>Project Portal and amending Regulations (EU)<br>No 1291/2013 and (EU) No 1316/2013 â€" the<br>European Fund for Strategic Investments<br>Procedure: 2015/0009(COD) |

# 3.2. Single Market

| Policy Field<br>Specific issue                 | Conclusion  | Follow-up action  |
|--|---|---|
| General Orientations<br>Single Market Strategy | 22 March 2018<br>The European Council calls for increased efforts to deliver, before the<br>end of the current legislative cycle, on the Single Market strategy, the<br>Digital Single Market strategy, the Capital Markets Union Action Plan<br>and the Energy Union, including through the swift examination of<br>recent Commission proposals. Decisions already taken must be<br>implemented effectively.         |   |
|  | The European Council therefore invites the Commission to present<br>to the Council, before the Leaders' Agenda discussion in<br>December 2018, a state of play regarding the implementation,<br>application and enforcement of existing legislation that is key for<br>the functioning of the Single Market and an assessment of<br>remaining barriers to and opportunities for a fully functioning<br>Single Market. | Communication from the Commission to the<br>European Parliament, the European Council,<br>the Council, the European Economic and<br>Social Committee and the Committee of the<br>Regions - The Single Market in a changing<br>world: A unique asset in need of renewed<br>political commitment of 22 November 2018<br>COM(2018) 772 final |
|  | 22-23 June 2017<br>In order to look beyond the finalisation of the different Single<br>Market strategies and evolve towards a future-proof and fair<br>Single Market, the European Council calls on the Commission to<br>pursue its reflections on innovative ways to address new<br>opportunities, challenges and remaining barriers.  |   |

| Policy Field<br>Specific issue | Conclusion   | Follow-up action |
|--------------------------------|--|------------------|
|                                | The Council will report to the June 2018 European Council on progress in deepening, implementing and enforcing the Single Market in all its aspects.   |                  |
|                                | <u>15 December 2016</u><br>It reiterates the importance of the various Single Market strategies and<br>the Energy Union, which should be completed and implemented by<br>2018.   |                  |
|                                | <u>20-21 October 2016</u><br>The European Council reconfirms previous conclusions, in which it<br>called for the different Single Market strategies (Digital Single Market,<br>Capital Markets Union, Energy Union and Single Market Agenda) to be<br>completed and implemented by 2018. |                  |
|                                | <u>28 June 2016</u><br>The European Council calls for the different Single Market<br>strategies, including on energy, and action plans proposed by the<br>Commission to be completed and implemented by 2018.  |                  |
|                                | The European Council reconfirms previous conclusions, in which it called for the different Single Market strategies (Digital Single Market,  |                  |

| Policy Field<br>Specific issue | Conclusion  | Follow-up action  |
|--------------------------------|---|---|
|                                | Capital Markets Union, Energy Union and Single Market Agenda) to be completed and implemented by 2018.  |   |
|                                | The Council will report annually to the June European Council on<br>progress in deepening the Single Market in all its aspects. Better<br>implementation and enforcement of existing legislation will<br>further help to reap the benefits of Europe's Single Market<br>ambitions.  |   |
|                                | <u>17-18 March 2016</u><br>At its June meeting, the European Council () will also adopt an<br>Agenda for the implementation of all aspects of the Single Market,<br>including delivery of the Commission's Single Market, Digital<br>Single Market and Capital Markets Union strategies, with a view to<br>exploiting in full its untapped growth and productivity potential. | At the <u>June 2018 European Council</u> meeting,<br>an agenda for the Single Market was adopted. |
|                                | <u>17-18 December 2015</u><br>Further to the Commission's initiatives to strengthen and deepen the<br>Single Market, the European Council:  |   |
|                                | a) calls for ambition in the implementation of the roadmap to<br>delivering on the Single Market Strategy to achieve a deeper and fairer<br>Single Market for goods and services in all key areas;  |   |

| Policy Field<br>Specific issue             | Conclusion   | Follow-up action   |
|--|--|--|
| Upgrading the Single<br>Market<br>Services | 28 June 2016<br>The European Council called for swift and determined progress:<br>- to support service providers seeking to expand across borders. A<br>services passport, in line with the Council conclusions of 29<br>February 2016, will enable entrepreneurs in key sectors to offer<br>their services in other Member States without going through<br>unnecessary procedures and will contribute to promoting<br>innovation; |  |
| Industry                                   | <u>19-20 October 2017</u><br>The European Council () calls on the Commission to () reaffirm the<br>leading role of its industry;   |  |
|  | <u>15 December 2016</u><br>The European Council calls on the Council and the Commission to<br>evaluate the impact of mainstreaming industrial policy into the EU<br>strategic initiatives and to consider concrete action to strengthen<br>and modernise the industrial base of the Single Market.   | Communication from the Commission to the<br>European Parliament, the European Council,<br>the Council, the European Economic and<br>Social Committee, the Committee of the<br>Regions and the European Investment Bank:<br>Investing in a Smart, Innovative and<br>Sustainable Industry - A Renewed EU<br>Industrial Policy Strategy of 13 September<br>2017.<br>COM/2017/0479 final |

# 3.3. Digital Single Market

| Policy Field<br>Specific issue                                   | Conclusion  | Follow-up action   |
|--|---|--|
| <b>General Orientations</b><br>Digital Single Market<br>Strategy | <u>28-29 June 2018</u><br>It is vital to deliver on the remaining legislative proposals<br>concerning the Digital Single Market before the end of the current<br>legislative cycle.   |  |
|  | <u>19-20 October 2017</u><br>To that end, the additional TTE/Telecom Council on 24 October<br>should discuss how to speed up and prioritise the work on the<br>Digital Single Market.   | The TTE/Telecom Council on 24 October 2017<br>discussed how to speed up and prioritise the<br>work on the Digital Single Market. |
|  | A future-oriented regulatory framework: completing the Digital Single<br>Market Strategy in all its elements by the end of 2018 remains an<br>essential task. Despite considerable progress, work in this area needs<br>to be accelerated in order to meet this deadline. |  |
|  | The European Council calls on the institutions to step up the legislative<br>work, and on the Member States to implement the relevant EU<br>legislation and to take all the measures required within their sphere of<br>competence so as to shape the new digital era.    |  |

| Policy Field<br>Specific issue                                    | Conclusion  | Follow-up action   |
|---|---|--|
|   | <u>22-23 June 2017</u><br>In this context it welcomes the Commission's mid-term review of the<br>Digital Single Market and of the Capital Markets Union Action Plan.  |  |
|   | <u>15 December 2016</u><br>It welcomes the progress achieved so far and urges all Institutions to<br>build on this momentum and further increase the level of ambition<br>notably in the vital areas of services and the Digital Single Market,<br>ahead of the March 2017 European Council. It calls for removing<br>remaining obstacles within the Single Market () |  |
|   | <u>17-18 December 2015</u><br>Further to the Commission's initiatives to strengthen and deepen the<br>Single Market, the European Council in the interest of consumers and<br>industry alike, invites the EU institutions to accelerate implementation<br>of the Digital Single Market Strategy;  |  |
| Integration of the<br>Digital Single Market<br>VAT for E-commerce | 28 June 2016<br>The European Council called for swift and determined progress to<br>bring the full benefits of the Digital Single Market to all<br>stakeholders through modernisation of VAT systems  | Council Implementing Regulation (EU)<br>2017/2459 of 5 December 2017 amending<br>Implementing Regulation (EU) No 282/2011<br>laying down implementing measures for<br>Directive 2006/112/EC on the common<br>system of value added tax |

| Policy Field<br>Specific issue | Conclusion  | Follow-up action   |
|--------------------------------|---|--|
|                                |   | Council Directive (EU) 2017/2455 of 5<br>December 2017 amending Directive<br>2006/112/EC and Directive 2009/132/EC as<br>regards certain value added tax obligations<br>for supplies of services and distance sales of<br>goods<br>Procedure: 2016/0370(CNS) |
| Terrorism and On-Line<br>Crime | <u>17-18 October 2018</u><br>The Commission proposal on preventing the dissemination of<br>terrorist content online should be examined as a matter of priority. |  |
|                                | <u>19-20 October 2017</u><br>The European Council welcomes the Commission's communication on<br>Tackling Illegal Content Online ();                             |  |
|                                | Combating terrorism and online crime: efforts to this effect should be intensified as set out by the European Council in its June 2017 conclusions.             |  |
|                                | The European Council () reiterates its readiness to support appropriate measures at EU level, if necessary;   |  |

| Policy Field<br>Specific issue      | Conclusion  | Follow-up action  |
|-------------------------------------|---|---|
| Telecommunications and<br>Broadband | <u>19-20 October 2017</u><br>The European Council called for co-legislators to agree on the<br>electronic communications code proposal by June 2018.  | Provisional agreement between the Council<br>and the Parliament on the final act: Directive<br>of the European Parliament and of the Council<br>establishing the European Electronic<br>Communications Code (EECC) (recast)<br>Procedure: <u>2016/0288(COD)</u> |
|                                     | <u>28 June 2016</u><br>The European Council called for ensuring very high-capacity fixed<br>and wireless broadband connectivity across Europe, which is a<br>precondition for future competitiveness.   | -   |
|                                     | The European Council called for swift and determined progress to<br>bring the full benefits of the Digital Single Market to all<br>stakeholders through the review of the wholesale roaming market<br>in view of abolishing roaming surcharges by June 2017.  | Regulation (EU) 2017/920 of the European<br>Parliament and of the Council of 17 May 2017<br>amending Regulation (EU) No 531/2012 as<br>regards rules for wholesale roaming markets<br>(Text with EEA relevance)<br>Procedure: 2016/0185(COD)                    |
|                                     | The European Council today adopted an agenda calling for swift<br>and determined progress to create the right conditions for<br>stimulating new business opportunities by better coordinating<br>spectrum assignment modalities together with the timely release<br>of the 700 MHz band so as to help ensure Europe's leadership in<br>the roll-out of 5G networks. | Provisional agreement between the Council<br>and the Parliament on the final act: Directive<br>of the European Parliament and of the Council<br>establishing the European Electronic<br>Communications Code (EECC) (recast)<br>Procedure: <u>2016/0288(COD)</u> |

| Policy Field<br>Specific issue | Conclusion  | Follow-up action   |
|--------------------------------|---|--|
|                                |   | Decision (EU) 2017/899 of the European<br>Parliament and of the Council of 17 May 2017<br>on the use of the 470-790 MHz frequency<br>band in the Union<br>Procedure: 2016/0027/COD |
| High-Performance               |   |  |
| Computing                      | <ul> <li><u>28 June 2016</u></li> <li>The European Council called for swift and determined progress to create the right conditions for stimulating new business opportunities by:</li> <li>- coordinating EU efforts on high-performance computing.</li> <li>In this context the European Council looks forward to the launch of an important project of common European interest in this field.</li> </ul> | <u>Council Regulation (EU) 2018/1488</u> of 28<br>September 2018 establishing the European<br>High Performance Computing Joint<br>Undertaking<br>Procedure: <u>2018/0003(NLE)</u>  |
| Free Flow of Data              | <u>28-29 June 2018</u><br>High-quality data are essential for the development of Artificial<br>Intelligence. The European Council invites the co-legislators to swiftly<br>examine the latest data package.   |  |
|                                | Further action is needed to improve the efficient use of data across the EU.  |  |

| Policy Field<br>Specific issue | Conclusion  | Follow-up action   |
|--------------------------------|---|--|
|                                | <u>19-20 October 2017</u><br>By June 2018, co-legislators should agree on the free flow of non-<br>personal data proposal.  | Final act signed, awaiting publication in<br>Official Journal: Regulation of the European<br>Parliament and of the Council on a framework<br>for the free flow of non-personal data in the<br>European Union<br>Procedure: <u>2017/0228(COD)</u> |
|                                | <u>15 December 2016</u><br>The European Concil calls for removing obstacles () including those<br>hampering the free flow of data.  |  |
|                                | 25-26 June 2015<br>The European Council emphasized the need to ensure the free<br>flow of data.   |  |
| E-government                   | <u>19-20 October 2017</u><br>The European Council calls for implementing the Tallinn<br>Ministerial Declaration on e-Government;  |  |
|                                | <u>28 June 2016</u><br>The European Council called for swift and determined progress to<br>bring the full benefits of the Digital Single Market to all<br>stakeholders through: | The European Commission published<br><u>eGovernment benchmark report</u> on 3 October<br>2016.   |

| Policy Field<br>Specific issue | Conclusion  | Follow-up action  |
|--------------------------------|---|---|
|                                | - the invitation to governments and EU institutions to meet the targets of the eGovernment Action Plan;   |   |
| E-commerce: Parcel<br>Delivery | <u>19-20 October 2017</u><br>The European Council called for the agreement between the co-<br>legislators on parcel delivery should be reached by the end of<br>2017.   | Regulation (EU) 2018/644 of the European<br>Parliament and of the Council of 18 April 2018<br>on cross-border parcel delivery services (Text<br>with EEA relevance.)<br>Procedure: 2016/0149(COD)   |
|                                | 28 June 2016<br>The European Council called for swift and determined progress to<br>bring the full benefits of the Digital Single Market to all<br>stakeholders through:<br>- reducing the costs of parcel delivery | Regulation (EU) 2018/644 of the European<br>Parliament and of the Council of 18 April 2018<br>on cross-border parcel delivery services (Text<br>with EEA relevance.)<br>Procedure: 2016/0149(COD)   |
| E-commerce: Geo-<br>blocking   | <u>19-20 October 2017</u><br>Agreement between the co-legislators on geo-blocking should be<br>reached by the end of 2017.  | Regulation (EU) 2018/302 of the European<br>Parliament and of the Council of 28 February<br>2018 on addressing unjustified geo-blocking<br>and other forms of discrimination based on<br>customers' nationality, place of residence or<br>place of establishment within the internal<br>market and amending Regulations (EC) No<br>2006/2004 and (EU) 2017/2394 and Directive |

| Policy Field<br>Specific issue | Conclusion   | Follow-up action   |
|--------------------------------|--|--|
|                                |  | 2009/22/EC (Text with EEA relevance. )<br>Procedure: <u>2016/0152(COD)</u>   |
|                                | 28 June 2016<br>The European Council called for swift and determined progress to<br>bring the full benefits of the Digital Single Market to all<br>stakeholders through:<br>- removing barriers to e-commerce, including unjustified geo-<br>blocking which prevents online customers from accessing and<br>purchasing a product or service from a website based in another<br>Member State. | Regulation (EU) 2018/302 of the European<br>Parliament and of the Council of 28 February<br>2018 on addressing unjustified geo-blocking<br>and other forms of discrimination based on<br>customers' nationality, place of residence or<br>place of establishment within the internal<br>market and amending Regulations (EC) No<br>2006/2004 and (EU) 2017/2394 and Directive<br>2009/22/EC (Text with EEA relevance. )<br>Procedure: 2016/0152(COD) |
|                                | 25-26 June 2015<br>Action must be taken on key components of the Commission<br>communication, notably to:<br>- remove the remaining barriers to the free circulation of goods<br>and services sold on-line and tackle unjustified discrimination on<br>the grounds of geographic location.   | Regulation (EU) 2018/302 of the European<br>Parliament and of the Council of 28 February<br>2018 on addressing unjustified geo-blocking<br>and other forms of discrimination based on<br>customers' nationality, place of residence or<br>place of establishment within the internal<br>market and amending Regulations (EC) No<br>2006/2004 and (EU) 2017/2394 and Directive<br>2009/22/EC (Text with EEA relevance. )<br>Procedure: 2016/0152(COD) |
|                                |  |  |

| Policy Field<br>Specific issue | Conclusion  | Follow-up action   |
|--------------------------------|---|--|
| Data Protection                | <ul> <li><u>28-29 June 2018</u></li> <li>Further action is needed to [] foster trust through high data protection standards and full implementation and proportionate enforcement of the General Data Protection Regulation in respect of all economic actors doing business in our single market</li> <li><u>17-18 December 2015</u></li> <li>Further to the Commission's initiatives to strengthen and deepen the Single Market, the European Council welcomes the agreement reached on the data protection package as a major step forward;</li> <li><u>25-26 June 2015</u></li> <li>The Data Protection package must be adopted by the end of this year;</li> </ul> | Regulation (EU) 2016/679 of the European<br>Parliament and of the Council of 27 April 2016<br>on the protection of natural persons with<br>regard to the processing of personal data and<br>on the free movement of such data, and<br>repealing Directive 95/46/EC (General Data<br>Protection Regulation) (Text with EEA<br>relevance)<br>Procedure: 2012/0011(COD) |
| Cybersecurity                  | <u>17-18 October 2018</u><br>The Commission will assess the implementation of the Code of<br>Practice on disinformation by the end of the year.   |  |

| Policy Field<br>Specific issue | Conclusion  | Follow-up action  |
|--------------------------------|---|---|
|                                | In this respect, the measures proposed by the Commission on<br>election cooperation networks, online transparency, protection<br>against cybersecurity incidents, unlawful data manipulation and<br>fighting disinformation campaigns [] deserve rapid examination<br>and operational follow-up by the competent authorities. |   |
|                                | <u>19-20 October 2017</u><br>() To that end, the Commission's cybersecurity proposals should<br>be developed in a holistic way, delivered timely and examined<br>without delay, on the basis of an action plan to be set up by the<br>Council;  |   |
|                                | <u>22-23 June 2017</u><br>In order to meet current and future cyber-security challenges, the<br>European Council welcomes the Commission's intention to review the<br>Cybersecurity Strategy in September and to propose further targeted<br>actions before the end of the year.  |   |
|                                | 25-26 June 2015<br>The Directive on Network and Information Security must be<br>rapidly adopted.  | Directive (EU) 2016/1148 of the European<br>Parliament and of the Council of 6 July 2016<br>concerning measures for a high common level<br>of security of network and information<br>systems across the Union<br>Procedure: 2013/0027 (COD) |

| Policy Field<br>Specific issue                                    | Conclusion   | Follow-up action   |
|---|--|--|
| Contracts for Digital<br>Content                                  | <u>19-20 October 2017</u><br>The European Council called for negotiations on the Digital Content<br>Directive to be pursued as a matter of priority.   |  |
| Intellectual Property<br>Rights<br>Digital Copyright<br>Directive | <u>19-20 October 2017</u><br>Furthermore, negotiations on copyright should be pursued as a matter<br>of priority.  |  |
| Copyright: Portability of<br>Online Services                      | 28 June 2016<br><b>The European Council called for swift and determined progress to</b><br><b>bring the full benefits of the Digital Single Market to all</b><br><b>stakeholders through:</b><br>- cross-border portability, which will allow EU residents to travel with<br>the digital content they have purchased or subscribed to at home; | Regulation (EU) 2017/1128 of the European<br>Parliament and of the Council of 14 June 2017<br>on cross-border portability of online content<br>services in the internal market (Text with EEA<br>relevance)<br>Procedure: 2015/0284(COD) |
|   | 25-26 June 2015<br>Action must be taken on key components of the Commission<br>communication, notably to:<br>- guarantee the portability and facilitate cross-border access to<br>online material protected by copyright, while ensuring a high<br>level of protection of intellectual property rights and taking into                         | Regulation (EU) 2017/1128 of the European<br>Parliament and of the Council of 14 June 2017<br>on cross-border portability of online content<br>services in the internal market (Text with EEA<br>relevance)<br>Procedure: 2015/0284(COD) |

| Policy Field<br>Specific issue       | Conclusion   | Follow-up action   |
|--------------------------------------|--|--|
|                                      | account cultural diversity, and help creative industries to thrive in a digital context;   |  |
| Copyright: Audio-Visual<br>Framework | <u>19-20 October 2017</u><br>The European Council called for the agreement between the co-<br>legislators on audio-visual media services should be reached by<br>the end of 2017.                            | Procedure completed, awaiting publication in<br>Official Journal: Directive of the European<br>Parliament and of the Council amending<br>Directive 2010/13/EU on the coordination of<br>certain provisions laid down by law,<br>regulation or administrative action in Member<br>States concerning the provision of audiovisual<br>media services in view of changing market<br>realities<br>Procedure: 2016/0151(COD) |
|                                      | 28 June 2016<br>The European Council called for swift and determined progress to<br>bring the full benefits of the Digital Single Market to all<br>stakeholders through the reform of audiovisual framework. | Procedure completed, awaiting publication in<br>Official Journal: Directive of the European<br>Parliament and of the Council amending<br>Directive 2010/13/EU on the coordination of<br>certain provisions laid down by law,<br>regulation or administrative action in Member<br>States concerning the provision of audiovisual<br>media services in view of changing market<br>realities<br>Procedure: 2016/0151(COD) |

## 3.4. Research and Innovation

| Policy Field<br>Specific issue | Conclusion  | Follow-up action  |
|--------------------------------|---|---|
| General Orientations           | <ul> <li><u>28-29 June 2018</u></li> <li>Cooperation between research, innovation and education should be encouraged, including through the European Universities initiative</li> <li><u>25-26 June 2015</u></li> <li>Action must be taken on key components of the Commission communication, notably to: <ul> <li>ensure effective investment instruments and improve the innovation climate, targeting in particular SMEs and start-ups;</li> </ul> </li> </ul> | The pilot phase of the <u>European Innovation</u><br><u>Council</u> was launched on 27 October 2017.<br><u>Regulation (EU) 2017/1991</u> of the European<br>Parliament and of the Council of 25 October<br>2017 amending Regulation (EU) No 345/2013<br>on European venture capital funds and<br>Regulation (EU) No 346/2013 on European<br>social entrepreneurship funds (Text with EEA<br>relevance).<br>procedure: <u>2016/0221(COD)</u> |
| Innovation                     | <u>28-29 June 2018</u><br>The European Council invites the Commission to launch a new pilot<br>initiative on breakthrough innovation within the remaining period<br>of Horizon 2020.  |   |

| Policy Field<br>Specific issue | Conclusion  | Follow-up action  |
|--------------------------------|---|---|
| European Innovation<br>Council | <u>28-29 June 2018</u><br>A European Innovation Council will be set up under the next<br>Multiannual Financial Framework to identify and scale up<br>breakthrough and disruptive innovation.  | The pilot phase of the <u>European Innovation</u><br><u>Council</u> was launched on 27 October 2017.  |
|                                | <u>19-20 October 2017</u><br>The European Council () calls on the Commission to put forward<br>the necessary initiatives for strengthening the framework<br>conditions with a view to enable the EU to explore new markets<br>through risk-based radical innovations (…). | The pilot phase of the <u>European Innovation</u><br><u>Council</u> was launched on 27 October 2017.  |
| Artificial Intelligence        | <u>19-20 October 2017</u><br>The European Council invites the Commission to put forward a<br>European approach to artificial intelligence by early 2018.  | Communication COM/2018/237 from the<br>Commission to the European Parliament, the<br>European Council, the Council, the European<br>Economic and Social Committee and the<br>Committee of the Regions: Artificial<br>Intelligence for Europe of 25 April 2018 |

# 3.5. Better Law-making

| Policy Field<br>Specific issue                               | Conclusion   | Follow-up action  |
|--|--|---|
| Inter-institutional Co-<br>operation on Better<br>Law-making | <u>28 June 2016</u><br>The European Council adopted an agenda calling for swift and<br>determined progress:<br>- to vigorously pursue efforts towards better regulation.                                 |   |
|  | <u>18 December 2014</u><br>Invites the Commission and the Union legislators to robustly<br>pursue the better regulation agenda aimed at transparent and<br>simple regulation achieved at a minimum cost. | Interinstitutional Agreement between the<br>European Parliament, the Council of the<br>European Union and the European<br>Commission on Better Law-Making of 13 April<br>2016 |

# 4. Climate and energy

## A. Background

Since March 2014, the European Council has addressed climate and energy regularly at its meetings, as shown in Figure 1. The European Council set its long-term objectives on climate and energy in October 2014 and asked the EU institutions and the Member States to adopt the relevant legislation and to start implementing it. In 2015 and 2016, the European Council was in monitoring mode, taking stock of progress made in implementing its 2014 targets. This monitoring mode continues to date, through increased attention paid to the fulfilment of the commitments made under the Paris Agreement on Climate Change (hereinafter, the Paris Agreement).

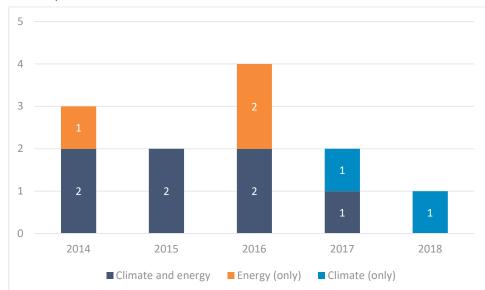


Figure 1 – Incidence of energy and climate in the European Council conclusions (June 2014 to October 2018)

#### Source: EPRS.

The announcement by the US in 2017 of its intention to withdraw from the Paris Agreement in 2017 led the European Council to reaffirm the EU's ambition to lead the fight against climate change. It has also allowed the EU leaders to place at the forefront of their climate action the values and principles the EU stands for, including the principle of multilateralism, which is central to the <u>EU</u> global strategy. Diverging views on the Paris Agreement introduced the risk of the EU drifting apart from its strategic ally, the US. This risk has deepened since, as opposing views on the Iran nuclear deal and international trade have arisen (see Chapters VI and VII). Some Heads of State or Government have, as part of their interventions in the 'Future of Europe' debate, <u>deplored</u> the US withdrawal from the Paris Agreement and called on the EU to see that the agreement is implemented.

### B. Legal basis for European Council action on climate and energy

Article 15(1)TEU: The European Council defines 'the general political directions and priorities' of the EU, including for climate and energy. The Lisbon Treaty expressly introduced an interdiction for the European Council to 'exercise legislative functions'.

- Article 15(4)TEU: European Council decisions on climate and energy are taken by consensus whilst Council decisions are taken by qualified majority voting (QMV) (Articles 191 and 194 TFEU).
- Article 121 TFEU: The European Council, following a report from the Council based on a recommendation from the Commission, shall 'discuss a conclusion on the broad guidelines of the economic policies of the Member States and of the Union'. This provision applies to the energy market, the completion of which is a perennial European Council priority.

### C. Strategic orientations

- The EU global strategy: The EU global strategy confirms the EU's support for Paris Agreement implementation. It stresses the importance of unity to allow the Union to play an increasingly pivotal role on the global scene in support of countering climate change through multilateral means, including stronger cooperation within the UN. It also calls for the strengthening of the EU's resilience in different domains, including energy.
- Climate and energy strategy: In June 2010 the European Council agreed on the Europe 2020 Strategy and in October 2014 on a 2030 framework for climate and energy. The latter document set more ambitious targets. It raised the level of greenhouse gas emissions reduction from 20 % by 2020 to 40 % by 2030 (with the reference year 1990 for emission levels). It also increased from 20 % in 2020 to 27 % in 2030 the share of renewable energy consumption and the improvement of energy efficiency. Analysts estimate that the EU is 'on track to achieve its climate and energy targets for 2020'.
- Energy security package: In order to meet climate and energy targets, the European Commission presented an European energy security strategy in May 2014 and an energy security package in February 2016. The European Council endorsed the package in March 2016. The energy security package is aimed at: 1) addressing the risk of gas supply disruptions by introducing a solidarity principle among Member States; 2) enhancing transparency and ensuring full compliance with EU law on intergovernmental agreements having a gas security component concluded by individual Member States with third counties; 3) reducing regional disparities on access to liquefied natural gas (LNG) by building strategic infrastructure and ending 'single-source dependency of some of the Member States'; 4) decreasing the consumption of fossil fuels (estimated in 2016 to represent 75 % of buildings and industry consumption), increasing the use of renewables, and boosting energy efficiency.

### D. Noteworthy commitments: specific requests and follow-up

#### Implementation of the Paris Agreement

The Paris Agreement, concluded in December 2015 at the UN Conference on Climate Change (COP21) and which <u>entered into force</u> in November 2016, establishes a new global climate regime from 2020 onwards. It commits signatories to limit global warming to well below 2 degrees Celsius, aspiring to keep it to 1.5 degrees above pre-industrial levels. It thus aspires to stem climate change as a global threat to security. It <u>encourages</u> all parties 'to put forward their best efforts through "nationally determined contributions" (NDCs) and to strengthen these efforts in the years ahead'. Participating countries report regularly on their emissions and implementation progress, whilst collective progress, on a global scale, will be evaluated every five years.

The European Council set as one of its main climate and energy priorities the implementation of the Paris Agreement. This requires both domestic EU and international action. The two dimensions have been intertwined in the European Council conclusions for the past few years.

With respect to the EU domestic dimension, based on the European Council guidelines, the European Commission has put forward several packages of climate and energy legislation since 2015. Most of them have been adopted by the co-legislators and are currently implemented (for

example, the <u>directive</u> 'on the promotion of the use of energy from renewable sources'). Several others, including the <u>electricity regulation</u> and the <u>electricity directive</u> have still to be adopted. The different pieces of legislation serve to meet Paris Agreement commitments but also to complete the energy union, another long-lasting commitment of the European Council.

As part of the future of Europe debate, the Prime Minister of the Netherlands, <u>Mark Rutte</u>, stated that the current EU commitment to reducing greenhouse gas emissions by 40 % by 2030 was insufficient to fulfil the Paris Agreement target of keeping global warming below 2 degrees Celsius. He has instead proposed a collective EU Member States effort of 55 % greenhouse gas emissions reduction by 2030. There is for the moment <u>no consensus</u> among the EU Member States on setting more ambitious CO<sub>2</sub> reduction targets for 2030 and beyond as long as the existing ones are not swiftly implemented.

As far as the external dimension is concerned, from early 2015 onwards the European Council followed the progress of negotiations held in relation to the COP21 in Paris very closely. In <u>March</u> 2015, the European Council called for 'strong coordinated action through active European climate diplomacy ahead of the COP21 in Paris'. The principle of active European diplomacy on climate has been pursued constantly ever since, with the Foreign Affairs Council (FAC) adopting successive sets of conclusions. In its <u>conclusions</u>, the Foreign Affairs Council agreed on the main lines the EU was to pursue in its efforts to counter climate change; it was to do so in close cooperation with international partners in a multilateral framework, including through development cooperation mechanisms and regular diplomatic dialogue. EU climate diplomacy action efforts this year have focused on the <u>Talanoa Dialogue</u> conducted under the auspices of the UN in preparation for the <u>COP24</u> in Katowice in December 2018.

#### Energy security

As early as 2011, the European Council <u>identified</u> security in energy supply as a key element for the EU's overall security and stressed the importance of coherent EU external action in the field of energy. It also called for increasing transparency towards the EU institutions and other Member States when one country is negotiating a cooperation agreement on a bilateral basis with third countries. Two years later, in 2013, the Heads of State or Government <u>recognised</u> the importance of diversifying energy sources, including types and suppliers, in order to reduce external dependency risks.

The emergence of the crisis in Ukraine in 2014 led the European Council to consider energy security at several of its meetings that year. It reiterated its previous calls for 'energy dependency reduction', stressed the importance of maintaining affordable energy prices, and mandated the European Commission to explore means to address the energy dependency challenge. In response, in 2014 the European Commission presented the European energy security strategy and, more recently, in 2016, the 2030 framework for climate and energy and the energy package (see point C).

The formulation and implementation of energy policy remains in the hands of EU Member States. Diverging views persist on the way forward in the diversification of energy supply sources. Speaking in the context of the future of Europe debate, <u>several</u> Heads of State or Government have outlined the importance of reducing energy dependence by augmenting the share of domestic renewable energy and other types of energies with a low carbon footprint. Polish Prime Minister <u>Mateusz</u> <u>Morawiecki</u> has openly challenged the Nord Stream 2 project, pointing at the high risk of increasing dependency on Russia. His colleague, <u>Andrej Plenković</u>, Prime Minister of Croatia, has stressed the strategic importance of energy supply diversification, including through liquefied natural gas (LNG) terminals like the one Croatia is currently building on the island of Krk.

Experts <u>consider</u> the multiplication of liquefied natural gas terminals (LNG), also envisaged by the European Council in its March 2014 conclusions, as a means to diversify supply sources and mitigate existing dependency risks. Forecast analyses for the period beyond 2020 <u>show</u> that the US and Australia will become the main LNG exporters. LNG currently comes at a <u>higher</u> cost than natural gas supplied through pipelines.

EU Member States individually and collectively are net importers of energy products. The products they <u>import</u> most are crude oil (70 %) and natural gas (20 %). In both cases, Russia remains the main external partner with a share of 40.6 % of total external imports of natural gas and 28 % of total external imports of crude oil (figures for the first semester of 2018). It is followed by Norway as the second main supplier, with 38.8 % of natural gas imports and 11 % of crude oil.

### E. Challenges ahead and outlook

The European Council will, most probably, continue to keep climate and energy on its agenda in the years to come. Climate change and energy security represent two major security threats the EU will need to face in the next decade, whilst, at the same time, assessing them in relation to other important threats the Union will be confronted with in the coming years. A fine balance between climate diplomacy action and energy security preservation will have to be articulated in an increasingly volatile geopolitical environment, where the EU will have to preserve its strategic transatlantic partnership and face an increasingly assertive Russia.

## 4.1. Climate

| Policy Field<br>Specific issue             | Conclusion   | Follow-up action                                  |
|--|--|---|
| General Orientations                       | 23-24 October 2014<br>The European Council will keep all the elements of the framework<br>under review and will continue to give strategic orientations as<br>appropriate, notably with respect to consensus on ETS, non-ETS,<br>interconnections and energy efficiency. | European Council conclusions of 19-20 March 2015. |
|  | It (the European Council) will revert to this issue (climate targets)<br>after the Paris Conference.   | European Council conclusions of 22-23 June 2017.  |
|  | <u>26-27 June 2014</u><br>It reaffirms the importance of the UN Climate Summit in September<br>2014.   |   |
| 2030 European Climate<br>and Energy Policy | <u>26-27 June 2014</u><br>The European Council took stock of progress made towards a final<br>decision in October [2014] on the 2030 climate and energy framework in<br>line with its March 2014 conclusions.  |   |

| Policy Field<br>Specific issue                 | Conclusion  | Follow-up action   |
|--|---|--|
|  | Looks forward, in particular, to the Commission presenting by July a review of the Energy Efficiency Directive and how energy efficiency can contribute to the 2030 climate and energy framework.   | <u>COM(2014)520</u> of 23 July 2014 Energy<br>Efficiency and its contribution to energy<br>security and the 2030 Framework for climate<br>and energy policy.   |
|  | The European Council will take a final decision on the new climate<br>and energy policy framework, including on further measures aimed<br>at enhancing Europe's energy security on specific 2030<br>interconnection objectives, no later than October 2014. | European Council conclusions of 23-24 October 2014.  |
| International<br>Negotiating Process<br>UNFCCC | <u>19-20 March 2015</u><br>in line with the ambitious objective fixed by the October 2014 European<br>Council,  |  |
| UNFCCC Paris<br>Agreement                      | <u>17-18 December 2015</u><br>It invites the Commission and the Council to assess the results of<br>COP21 by March 2016, in particular in view of the 2030 climate and<br>energy framework.   | <ul> <li><u>European Council</u> conclusions of 17-18 March 2016.</li> <li><u>Environment Council</u> conclusions of 4 March 2016.</li> <li><u>Communication COM(2016)0110</u> of 2 March 2016 The Road from Paris: assessing the implications of the Paris Agreement and accompanying the proposal for a Council decision on the signing, on behalf of the European Union, of the Paris agreement adopted under the United Nations Framework Convention on Climate Change.</li> </ul> |

| Policy Field<br>Specific issue               | Conclusion   | Follow-up action |
|--|--|------------------|
|  | The European Council welcomes the historic outcome reached in Paris<br>where the world adopted the first-ever global and legally-binding<br>climate agreement with the aim to hold the global warming well below<br>2°C and to pursue efforts to limit it to 1.5°C.  |                  |
| UNFCCC Paris<br>Agreement:<br>Implementation | <u>14 December 2017</u><br>It strongly reaffirms the commitment of the EU and its Member States to<br>swiftly and fully implement the Paris Agreement and to continue to lead<br>in the fight against climate change, including through the adoption of<br>pending legislative proposals at EU level.  |                  |
|  | The European Council welcomes the outcome of the One Planet Summit<br>in Paris on 12 December 2017 aimed at scaling-up public and private<br>finance in support of climate action, further to the COP 23 held in Bonn<br>on 6-17 November 2017 and on the road to the COP 24 to be held in<br>Katowice, where the Paris Agreement implementation package will be<br>adopted. |                  |
|  | 22-23 June 2017<br>The European Council strongly reaffirms the commitment of the EU and<br>its Member States to swiftly and fully implement the Paris Agreement, to<br>contribute to the fulfilment of the climate finance goals, and to continue<br>to lead in the fight against climate change.  |                  |

| Policy Field<br>Specific issue       | Conclusion   | Follow-up action  |
|--------------------------------------|--|---|
|                                      | The European Council calls on the Council and the Commission to examine all means to achieve these goals (Paris Agreement).  | Environment Council conclusions of 9 October<br>2018.<br>Environmental Council conclusions of 13<br>October 2017.<br>Ecofin Council conclusions of 10 October 2017.   |
| Reducing Greenhouse<br>Gas Emissions | <u>19-20 March 2015</u><br>While emphasising the importance of all dimensions of the Energy<br>Union, today, the European Council focused on some of the aspects<br>and called for: [] g) reviewing and developing legislation related to<br>emissions reduction, energy-efficiency and renewables to underpin<br>the agreed 2030 targets; developing a reliable and transparent<br>governance system; | <ul> <li>Proposal <u>COM(2016)761</u> of 30 November 2016<br/>for a directive amending Directive 2012/27/EU<br/>on energy efficiency.</li> <li>Procedure: <u>2016/0376 (COD)</u>.</li> <li><u>COM(2016)0773</u> of 30 November 2016<br/>Ecodesign Working Plan 2016-2019.</li> <li><u>C(2016) 7769 (EU)</u> Commission Regulation of 30<br/>November 2016 implementing Directive<br/>2009/125/EC of the European Parliament and of<br/>the Council establishing a framework for the<br/>setting of ecodesign requirements for energy-<br/>related products, with regard to ecodesign<br/>requirements for air heating products, cooling<br/>products, high temperature process chillers<br/>and fan coil units. <u>Annexes 1-5</u>.</li> <li><u>C(2016) 7767</u> Commission Regulations (EC) No<br/>1275/2008, (EC) No 107/2009, (EC) No<br/>278/2009, (EC) No 640/2009, (EC) No<br/>641/2009,<br/>(EC) No 642/2009, (EC) No 643/2009, (EU) No<br/>1015/2010, (EU) No 1016/2010, (EU) No<br/>327/2011, (EU) No 206/2012, (EU) No 547/2012,</li> </ul> |

| Policy Field<br>Specific issue | Conclusion | Follow-up action   |
|--------------------------------|------------|--|
|                                |            | <ul> <li>(EU) No 932/2012, (EU) No 617/2013, (EU) No 666/2013, (EU) No 813/2013, (EU) No 814/2013, (EU) No 66/2014, (EU) No 548/2014, (EU) No 1253/2014, (EU) 2015/1095, (EU) 2015/1185, (EU) 2015/1188, (EU) 2015/1189 and (EU) 2016/XXX [Air heating/cooling and chillers Number of the Regulation to be inserted before publication in the OJ] with regard to the use of tolerances in verification procedures. Annexes 1-25.</li> <li>Pubic consultation from 20 July 2016 to 28 October 2016 on the preparation of legislation on monitoring / reporting of Heavy-Duty Vehicle fuel consumption and CO2 emissions.</li> <li>COM(2016)500 of 20 July 2016 Accelerating Europe's transition to a low-carbon economy - communication accompanying measures under the Energy Union Framework Strategy: legislative proposal on binding annual greenhouse gas emissions reductions by Member States from 2021 to 2030, legislative proposal on the inclusion of greenhouse gas emission mobility.</li> <li>Regulation (EU) 2018/841 of the European Parliament and of the Council of 30 May 2018 on the inclusion of greenhouse gas emissions</li> </ul> |

| Policy Field<br>Specific issue | Conclusion  | Follow-up action  |
|--------------------------------|---|---|
|                                |   | and removals from land use, land use change<br>and forestry in the 2030 climate and energy<br>framework, and amending Regulation (EU) No<br>525/2013 and Decision No 529/2013/EU.<br><u>COM(2016)51</u> of 16 February 2016 an EU<br>Strategy on Heating and Cooling.   |
|                                | <u>23-24 October 2014</u><br>The European Council endorsed a binding EU target of an at least 40%<br>domestic reduction in greenhouse gas emissions by 2030 compared to<br>1990.  |   |
|                                | It also recalls that under existing legislation a Member State can opt to include the transport sector within the framework of the ETS;   |   |
|                                | The European Council calls for a rapid adoption of the Directive<br>laying down calculation methods and reporting requirements<br>pursuant to Directive 98/70/EC of the European Parliament and of<br>the Council relating to the quality of petrol and diesel fuels. | Directive (EU) 2015/1513 of the European<br>Parliament and of the Council of 9 September<br>2015 amending Directive 98/70/EC relating to<br>the quality of petrol and diesel fuels and<br>amending Directive 2009/28/EC on the<br>promotion of the use of energy from renewable<br>sources.<br>Procedure: 2012/0288(COD). |

# 4.2. Energy

| Policy Field<br>Specific issue | Conclusion   | Follow-up action  |
|--------------------------------|--|---|
| General Orientations           | 17-18 March 2016<br>The European Council invites the Commission to rapidly present all<br>the remaining relevant proposals to this end [green gas house<br>emissions, renewable energy, and energy efficiency] so as to swiftly<br>engage the legislative process. | <ul> <li>Directive (EU) 2018/844 of 30 May 2018 of the European Parliament and of the Council amending directive amending Directive 2010/31/EU on the energy performance of buildings and Directive 2012/27/EU on energy efficiency.</li> <li>Regulation (EU) 2018/841 of 30 May 2018 of the European Parliament and of the Council on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry into the 2030 climate and energy framework, and amending Regulation No 525/2013 and Decision no 529/2013/EU.</li> <li>Regulation (EU)2017/2392 of 13 December 2017 of the European Parliament and of the Council amending Directive 2003/87/EC to continue current limitations of scope for aviation activities and to prepare to implement a global market-based measure from 2021.</li> <li>Proposal COM(2016)767 of 30 November 2016 for a directive on the promotion of the use of energy from renewable sources (recast).</li> <li>Procedure: 2016/0382 (COD).</li> <li>Proposal COM(2016)761 of 30 November 2016 for a directive amending Directive 2012/27/EU on energy efficiency.</li> </ul> |

| Policy Field<br>Specific issue | Conclusion  | Follow-up action   |
|--------------------------------|---|--|
|                                |   | Procedure: <u>2016/0376 (COD)</u> .  |
|                                | <u>19-20 March 2015</u><br>The EU institutions and the Member States will take work forward<br>[on the Energy Union] and the Council will report to the European<br>Council before December [2015]. | European Council conclusions of 17-18<br>December 2015.<br>Transport, Telecommunication and Energy<br>Council of 26 November 2015.   |
|                                | The European Council will continue to give guidance.  | <ul> <li><u>European Council</u> conclusions of 22-23 June 2017.</li> <li><u>European Council</u> conclusions of 15 December 2016.</li> <li><u>European Council</u> conclusions 20-21 October 2016.</li> <li><u>European Council</u> conclusions 28 June 2016.</li> <li><u>European Council</u> conclusions 17-18 March 2016.</li> <li><u>European Council</u> conclusions 17-18 December 2015.</li> </ul> |
|                                | <u>23-24 October 2014</u><br>The European Council will keep the implementation of this goal<br>[Energy Union] under regular review.   | European Council conclusions of 22-23 June<br>2017.<br>European Council conclusions of 15 December<br>2016.  |

| Policy Field<br>Specific issue | Conclusion  | Follow-up action   |
|--------------------------------|---|--|
|                                |   | European Council conclusions 20-21 October<br>2016.<br>European Council conclusions 28 June 2016.<br>European Council conclusions 17-18 March<br>2016.<br>European Council conclusions 17-18 December<br>2015.<br>European Council conclusions of 19-20 March<br>2015.   |
| Energy Market                  | 23-24 October 2014<br>The European Commission supported by the Member States will<br>take urgent measures in order to ensure the achievement of a<br>minimum target of 10% of existing electricity interconnections, as a<br>matter of urgency, and no later than 2020 at least for Member States<br>which have not yet attained a minimum level of integration in the<br>internal energy market, which are the Baltic States, Portugal and<br>Spain, and for Member States which constitute their main point of<br>access to the internal energy market. | Report of the Commission Expert Group on<br>electricity interconnection targets, November<br>2017.<br>COM(2017)718 of 23 November 2017 on<br>strengthening Europe's energy networks.<br>COM(2015) 82 on achieving the 10% electricity<br>interconnection target: making Europe's<br>electricity grid fit for 2020. |
|                                | The Commission will also report regularly to the European Council<br>with the objective of arriving at a 15% target by 2030, as proposed<br>by the Commission.  | Report of the Commission Expert Group on<br>electricity interconnection targets, November<br>2017.<br>Third report of 24 November 2017 on the state<br>of the Energy Union and its annexes.  |

| Policy Field<br>Specific issue | Conclusion   | Follow-up action  |
|--------------------------------|--|---|
|                                |  | <ul> <li>European Council conclusions of 22-23 June 2017.</li> <li>Second report of 1 February 2017 on the state of the Energy Union and its annexes.</li> <li>European Council conclusions of 15 December 2016.</li> <li>European Council conclusions 20-21 October 2016.</li> <li>European Council conclusions 28 June 2016.</li> <li>European Council conclusions 17-18 March 2016.</li> <li>European Council conclusions 17-18 December 2015.</li> <li>First report on the state of the Energy Union and its annexes.</li> <li>European Council conclusions of 19-20 March 2015.</li> </ul> |
|                                | The Commission is invited to present a communication ahead of the<br>March 2015 European Council on the best courses of action to<br>effectively achieve the target [10% of energy interconnections]<br>mentioned above. | European Council conclusions of 19-20 March 2015.<br>Commission Communication COM(2015) 82 of 25 February 2015 on achieving the 10% electricity interconnection target: making Europe's electricity grid fit for 2020.  |

| Policy Field<br>Specific issue | Conclusion   | Follow-up action  |
|--------------------------------|--|---|
| Renewable energy               | 23-24 October 2014<br>The European Council therefore invites the Commission to further<br>examine instruments and measures for a comprehensive and<br>technology neutral approach [] for electric transportation and for<br>renewable energy sources in transport also after 2020. | Directive (EU) 2015/1513 of the European<br>Parliament and of the Council of 9 September<br>2015 amending Directive 98/70/EC relating to<br>the quality of petrol and diesel fuels and<br>amending Directive 2009/28/EC on the<br>promotion of the use of energy from renewable<br>sources.<br>Directive 2014/94/EU of the European<br>Parliament and of the Council of 22 October<br>2014 on the deployment of alternative fuels<br>infrastructure (OJ L 307, 28.10.2014, p. 1). |
| Energy security                | 23-24 October 2014<br>The European Council will revert to the issue of energy security in<br>2015 to assess progress.  | European Council conclusions 17-18 December<br>2015.<br>European Council conclusions of 19-20 March<br>2015.  |
|                                | 26-27 June 2014<br>In the run-up to the October European Council meeting, the<br>European Council asked the Council to further analyse other<br>medium to long-term measures to enhance the EU's energy security,<br>based on the Commission's EESS.                               | European Council conclusions of 23-24 October<br>2014.<br>Follow-up to the European Council of 26-27<br>June 2014 - Energy Security, 8 October 2014.  |

# 5. Freedom, security and justice

### A. Background

The European Council has an important strategic role in the area of justice and home affairs (JHA),<sup>1</sup> including on the issues of immigration, asylum, border protection, police and judicial cooperation, which are now discussed regularly at meetings of Heads of State or Government. This was not always the case. Cooperation at EU level in the field of JHA was not originally envisaged in the Treaty of Rome; and this policy area was one of the last in which the EU received legislative competences. Only since the entry into force of the Maastricht Treaty in 1993 have JHA issues been discussed at EU level, in intergovernmental format however. The <u>Tampere European Council</u> of 15 to 16 October 1999, devoted exclusively to JHA, was crucial for the development of this EU policy area, as the objective of creating an EU area of freedom, security and justice was then placed at the 'very top of the political agenda'. The European Council's role in reaching this objective was <u>enshrined</u> in the Lisbon Treaty, which also introduced the ordinary legislative procedure for all aspects of the JHA area. However, while the use of qualified majority voting in the Council applies in this area, the Council normally prefers to decide by consensus, and sometimes, mainly for controversial topics, refers the legislative matter to the European Council, in order to unblock issues that the Council is unable to agree on (see below).

JHA issues are the subject of increased attention at European Council meetings both because its role in this area has been strengthened in the treaties, and because many of the issues touch on core competences of the nation state (e.g. providing security for citizens, protecting external borders), meaning that Member States wish to deal with them at the highest level.

Another important reason for the prominence of these topics is crisis-related. Following the terrorist attack on 'Charlie Hebdo' in January 2015, and subsequent numerous terrorist attacks on European soil, together with the outbreak of the migration crisis in 2015, migration and internal security have been the main JHA policy areas addressed by the European Council. Two examples of Heads of State and Government devoting significant attention to these issues are the informal European Council <u>meeting</u> of 12 February 2015, and the extraordinary European Council <u>meeting</u> of 23 April 2015 on migration.

## B. Legal basis for European Council action in JHA

Together with the common foreign and security policy (CFSP), this is the policy field in which the European Council is most often mentioned in the Treaties, and its policy-making role is most frequently recognised.

While the European Council 'shall not exercise legislative functions' (Article 15(1) TEU), a special procedure can be found in Article 82(3) TFEU and Article 87(3) TFEU, which provides the possibility for any Member State to request that a draft directive, in the area of criminal justice or police cooperation respectively, be referred to the European Council. In that case, the discussion in the European Council would need to lead to a consensus rather than qualified majority voting (QMV) in the Council.

<sup>&</sup>lt;sup>1</sup> The terms 'justice and home affairs' (JHA) and 'area of freedom, security and justice' will be used interchangeably.

| Table 1 – Treaty articles on the role of the European Council in the area of freedom, security |
|--|
| and justice  |

| Treaty article | Торіс   | Action /role  |
|----------------|---|---|
| 68 TFEU        | Area of freedom, security and justice   | Define the strategic guidelines for legislative and operational planning.   |
| 82(3) TFEU     | Criminal justice system   | Refer a draft directive to the European Council to be decided by consensus.   |
| 86(1) TFEU     | European Public Prosecutor's Office<br>(EPPO)   | Refer a draft directive for establishing the EPPO to the European Council to be decided by consensus.   |
| 86(4) TFEU     | European Public Prosecutor's Office<br>(EPPO)   | Adopt a decision to extend the powers of the EPPO to include serious crime having a cross-border dimension.   |
| 87(3) TFEU     | Police cooperation  | Refer a draft directive to the European Council to be decided by consensus.   |
| 222 TFEU       | Solidarity clause if a Member State is the object of a terrorist attack or other disaster | The European Council shall regularly assess the threats facing the Union in order to enable the Union and its Member States to take effective action. |

#### Source: EPRS.

Article <u>68</u> TFEU, in particular, gives the European Council an important role in the area of freedom, security and justice, mandating it to define the strategic guidelines for legislative and operational planning within this area.

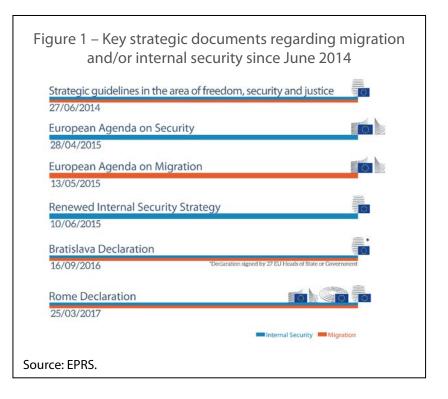
### C. Strategic orientations

Using its new treaty based role in the area of JHA, the European Council of 10-11 December 2009 adopted the five-year <u>Stockholm programme</u> in this area, in order to achieve one of the EU's key objectives, namely to build an area of freedom, security and justice without internal frontiers. Subsequently, in pursuit of this strategic role, at its meeting of 26-27 June 2014, the European Council <u>defined</u> the 'strategic guidelines for legislative and operational planning' within the area of freedom, security and justice for the coming years. At the same meeting, Heads of State or Government also agreed on the strategic agenda of key priorities for the next five years, entitled the 'strategic agenda for the union in times of change'. Regarding the <u>area of freedom</u>, security and justice, they set the following priorities:

- > to improve all aspects of migration management;
- > to prevent and combat crime and terrorism; and
- to improve judicial cooperation among EU countries.

Migration and internal security have been the main policy areas in the field of JHA to have been addressed by the European Council. Since June 2014 various key strategic documents addressing migration, internal security or both have been adopted, all of which were either issued, requested or endorsed by the European Council.

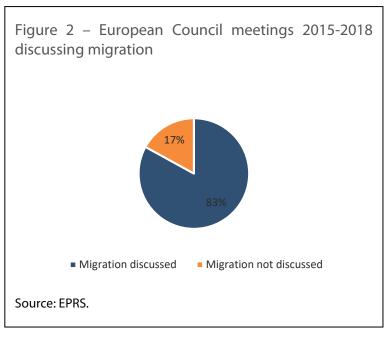
In particular, the <u>Bratislava</u> and <u>Rome</u> declarations highlighted the focus Heads of State or Government were placing on the issues of migration and security. Of the three main priorities identified in the Bratislava agenda, two were migration and (internal and external) security. This also reflected the priority topics of EU citizens at the time. The most recent standard <u>Eurobarometer</u> (from June 2018) indicates that migration and terrorism remain the two biggest concerns for European citizens.



### D. Migration

#### D.1. European Council attention to migration

Migration has dominated the European Council agenda since the outbreak of the migration crisis in 2015. Between January 2015 and October 2018, EU28 Heads of State or Government discussed migration at 20 of their 24 formal and informal meetings, including the meeting of Heads of State or Government under the 'Leaders meeting' format established under the Leaders' agenda. The idea of this format is that instead of striving to find a consensus on draft conclusions regarding highly charged issues, leaders first discuss the topic in an open, free-flowing debate at an informal Leaders' Meeting, and



then return to it at a future European Council meeting, with a view to reaching agreement.

Additionally, EU leaders discussed migration with leaders of third countries and strategic partners at the <u>High-level Conference on the Eastern Mediterranean – Western Balkans Route</u> on 8 October 2015, the <u>Valletta summit</u> on 11-12 November 2015 and the <u>EU-Turkey summit</u> on 29 November 2015.<sup>2</sup>

#### D.2. Strategic orientations

Since June 2014 the European Council has issued and endorsed numerous strategic documents (see Figure 2) that address migration, either exclusively or as part of a wider EU strategy. Following the outbreak of the migration crisis, migration was permanently on the agenda of European Council meetings, which led to the development of what is <u>referred</u> to in the European Council conclusions as 'comprehensive approach on migration'. One can clearly observe that over the course of the migration crisis, the attention of the European Council went through different <u>phases</u> from 'saving lives at sea', to closing the western Balkans route, to focusing on external border protection. Over time more and more elements continue to be added to the EU strategy on migration, such as fighting smugglers, ensuring returns, reforming the Common European Asylum System (CEAS), strengthening EU-level instruments (e.g. the European Border and Coast Guard (EBCG) and the Asylum agency), concentrating on the central Mediterranean and supporting North African countries.

In 2016, as part of the Bratislava Declaration and Roadmap the Heads of State or Government vowed 'never to allow return to uncontrolled flows of last year and further bring down number of irregular migrants' Their other objectives were to ensure full control of the EU's external borders and to broaden the consensus on a long-term migration policy based on the principles of responsibility and solidarity. In the subsequent Rome Declaration, leaders called for secure external borders and an efficient, responsible and sustainable migration policy.

#### D.3. Noteworthy commitments: specific requests and follow-up

- The EBCG is an example of how quickly an initiative can be adopted if it receives the backing of the EU Heads of State or Government. In June 2014, the European Council, in the context of the long-term development of Frontex, called for 'a study into the possibilities of a European border guard'. Progress accelerated in October 2015, when EU leaders referred to enhancing the mandate of Frontex and the development of a EBCG system. Following the publication of the Commission's proposal on 15 December 2015, and the European Council's call for 'swift adoption and implementation' at its meeting in June 2016, the European Parliament and the Council adopted it in a record time of just nine months. Following various requests by the European Council in 2017 to strengthen the EBCG, the Commission published its new proposal in September 2018. According to President Tusk, in Salzburg EU leaders shared their determination 'to take forward the Commission's proposal as a priority'. Consequently, at the October 2018 European Council, EU leaders invited co-legislators to examine the proposal swiftly.
- Since the extraordinary European Council <u>meeting</u> of 23 April 2015, at the outset of the migration crisis, EU-Turkey cooperation on migration has been a permanent part of EU Heads of State or Government discussions on migration. It was addressed in all but one of the following 16 European Council meetings on migration, which produced also written conclusions or statements. The first meetings on migration in 2015 called for stepping up the cooperation with Turkey and reinforcing the dialogue with Turkey at all levels. Subsequently,

<sup>&</sup>lt;sup>2</sup> Various other meetings on migration, including either the European Council President and/or the European Commission President with a group of EU Heads of State or Government also took place.

the European Council of 15-16 October 2015 welcomed the EU-Turkey joint action plan, which was activated at the EU-Turkey meeting on 29 November 2015, by EU Heads of State or Government and the Turkish Prime Minister at the time, Ahmet Davutoğlu. In return for the European Union strengthening its support for refugees in Turkey, European Council President Donald Tusk expected to see 'an immediate and substantial reduction of irregular migrants' arriving in Europe. The EU notably committed to an initial  $\in$ 3 billion financial support package, intensifying the EU-Turkey bilateral relationship, and opening new chapters in the accession negotiations. Following another meeting on 7 March 2016 between EU and Turkish leaders, this cooperation was further deepened by the EU-Turkey statement of 15 March 2016, designed to 'end the irregular migration from Turkey to the EU'. As part of the EU-Turkey statement, Turkish and EU leaders agreed not least on the return of all new irregular migrants coming from Turkey to the EU, the resettlement of Syrians from Turkey to the EU, the acceleration of the visa liberalisation roadmap and an additional €3 billion for the Facility for <u>Refugees in Turkey</u>. Already shortly afterwards, when assessing the implementation of the agreement, President Tusk observed, 'a sharp reduction of the illegal migration flows across the Aegean'. At subsequent European Council meetings, including most recently in October 2018, EU Heads of State or Government reiterated their commitment to the EU-Turkey Statement and called for its 'full and non-discriminatory implementation'.

- The issue of relocation was certainly the most divisive topic between EU Member States. Originally, the European Council in April 2015 <u>called</u> for efforts to organise 'emergency relocation between all Member States on a voluntary basis'. In September 2015, the Council decided by qualified majority voting, to set up a compulsory 'emergency relocation system' to support Italy and Greece. While all other Member States fulfilled their legal obligations under the scheme, the Czech Republic, Hungary and Poland decided from the beginning not to comply and the Commission launched infringement procedures against them, referring them to the Court of Justice of the EU for non-compliance with their legal obligations on relocation. Relocation is also a good example of the extent to which the focus has changed in the European Council approach to migration. In all 10 sets of conclusions or statements issued after a migration-related European Council meeting between April 2015 and December 2016 Heads of State or Government called for action to step up relocation. This call has not been repeated since, and focus has shifted even more towards protecting the EU's external border.
- The reform of the <u>Common European Asylum System</u> (CEAS) has been an ongoing challenge, with the European Council attempting to bridge the gap between the different Member States' views, with some insisting on 'relocation' while others propose 'effective solidarity' (i.e. showing solidarity in ways other than taking refugees, for example by providing more financial support). Originally, the European Council tried to put pressure on Member States, by issuing deadlines by which Member States should agree on reform of the CEAS, such at its <u>meeting</u> of 15 December 2016 and the <u>meeting</u> of 9 March 2017. As this did not produce the desired result, the European Council now only asks the rotating Council Presidency, 'to continue working on this issue' and/or commit itself 'to return to the issue' at a later meeting. The European Council <u>meeting</u> of 19 October 2017 committed itself to 'return to this matter at its meeting in December, and will seek to reach a consensus during the first half of 2018'. Although EU Heads of State or Government did <u>address</u> the reform of the CEAS at their Leaders' meeting in December 2017, they have not been able to reach consensus so far.

### E. Internal security

### E.1. European Council attention to internal security



Between June 2014 and October 2018, internal security and/or terrorism were mentioned in the conclusions or statements following 13 of the 29 meetings of EU Heads of State or Government on the European Council's agenda. At eight of these meetings, internal security and/or terrorism had a prominent place in the discussions.

EU Heads of State or Government increased their attention to internal security and/or terrorism mainly following major terrorist attacks in Europe. Then, the European Council either held an extraordinary meeting on the topic or devoted significant time to the issue at a previously planned meeting. Following the Charlie Hebdo attacks, for example, after which millions of people had expressed their solidarity with the victims (through the 'Je suis Charlie' movement), an informal European Council meeting was held on 12 February 2015. At that meeting, Heads of State or Government adopted a statement on anti-terrorism measures, vowing to take stronger measures against terrorist threats in the coming months. An example of the latter approach was the meeting of 17 and 18 December 2015, for which the annotated draft agenda did not include fighting terrorism, but was amended following the terrorist attacks in Paris in November 2015, becoming one of the main agenda points.

#### E.2. Strategic orientations

In 2010 the European Council endorsed the 2010 to 2014 <u>internal security strategy</u>. For the following period, in addition to adopting the strategic guidelines in 2014, it stressed its <u>commitment</u> to the implementation of the <u>renewed</u> 2015 to 2020 EU internal security strategy. Subsequently, the <u>Bratislava</u> and the <u>Rome</u> declarations both included important elements on internal security. In the former, EU Heads of State or Government promised to do 'everything necessary to support Member States in ensuring internal security and fighting terrorism', while in the latter they pledged to work towards 'a safe and secure Europe ... determined to fight terrorism and organised crime'.

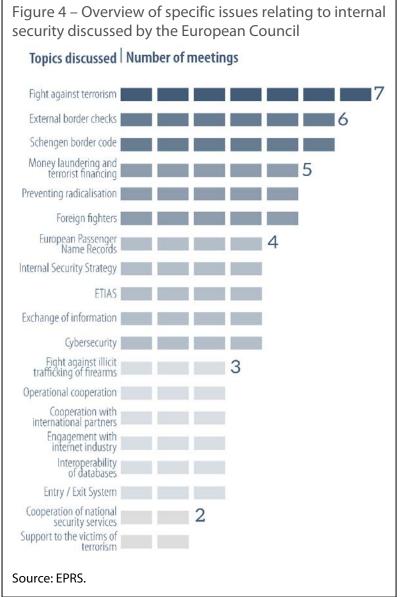
#### E.3. Noteworthy commitments: specific requests and follow-up

The majority of commitments and meetings in the field of internal security were related to the fight against terrorism. Many European Council meetings discussed this matter and issued commitments both at a general level and regarding specific issues such as the prevention of radicalisation, stopping terrorist financing and dealing with foreign fighters.

- × When defining the strategic guidelines for the area of JHA in June 2014, the European Council also addressed for the first time the use of passenger name record (PNR) data. The Commission had presented its proposal back in February 2011, but it was rejected by the European Parliament's LIBE Committee in April 2013 on account of privacy concerns. At their August 2014 meeting, EU Heads of State or Government called on co-legislators to finalise their work by the end of that year, but this did not happen. Owing to the new security context, following the various terrorist attacks across Europe, at its meeting of 12 February 2015 the European Council increased the pressure and <u>called upon</u> 'EU legislators [to] urgently adopt a strong and effective European passenger name records directive with solid data protection safeguards'. The President of the European Parliament at that time, Martin Schulz, confirmed in his speech to the European Council that the Parliament was working together with the Council and was committed to finalising the work on the EU PNR directive by the end of 2015. By the European Council meeting of 18 December 2015, co-legislators had found an agreement on the PNR directive, which was welcomed by EU Heads of State or Government. A year later, in December 2016, the European Council called for the 'implementation of new passenger name record (PNR) legislation'.
- × The strategic guidelines for the area of JHA also addressed the prevention of radicalisation and the phenomenon of returning foreign fighters, i.e. individuals who join insurgencies abroad and whose primary motivation is ideological or religious rather than financial.<sup>3</sup> While the prevention of radicalisation was already part of various European Council conclusions in the 2000s, a sense of urgency reached the level of EU Heads of State or Government in August 2014, who called strongly for determined action to stem the flow of foreign fighters. They called for 'accelerated implementation of the package of EU measures in support of Member States efforts, as agreed by the Council since June 2013, in particular to prevent radicalisation and extremism, share information more effectively – including with relevant third countries, dissuade, detect and disrupt suspicious travel and investigate and prosecute foreign fighters'. At that point, the EU Heads of State or Government also pledged to review this matter at their meeting in December 2014, but did not do so until the extraordinary European Council meeting on terrorism in February 2015, following the Charlie Hebdo attacks. The notion that 'preventing radicalisation is a key element in the fight against terrorism' is an essential part of the EU's internal security strategy, and the need to prevent radicalisation was repeated at various subsequent European Council meetings in 2016, 2017 and 2018.

Another noteworthy commitment is the issue of 'fighting the illicit trafficking of firearms', which is a good example of how the European Council is involved in the policy cycle in general. EU leaders usually begin by setting strategic priorities and calling for a specific action or proposal (legislative or non-legislative); they then discuss and/or endorse an action or proposal; and later comment on the adoption or implementation of this action or proposal, or refer to a previous decision.

<sup>&</sup>lt;sup>3</sup> See <u>EPRS (2016</u>) Foreign fighters: Member State responses and EU action.



In February 2015 the EU Heads of State or Government called for increased 'cooperation in the fight against illicit trafficking of firearms, including by a swift adaptation of the relevant legislation'. This was followed up by the European Commission's proposal 'amending Council Directive 91/477/EEC on control of the acquisition and possession of weapons' of 18 November 2015 and the 'EU action plan against illicit trafficking in and use of firearms and explosives of 2 December 2015'. On 15 December 2015. the European Council called on the Council to 'rapidly examine the Commission proposals on combatting terrorism and on Subsequently firearms'. the European Council meeting of 15 December 2016 welcomed the political agreement between the co-legislators on the counter-terrorism directive as an important step that should be followed by 'swift adoption of the proposal on firearms'. The co legislators adopted this piece of legislation on 24 May 2017.

## F. Challenges ahead and outlook for JHA

Both the number of European Council meetings and resulting amount of commitments, and the number of follow up activities in the area of JHA have increased over recent years. The increased attention given to the issues in the field of JHA, and in particular to migration and internal security, can be attributed on the one hand to the fact that the European Council has often dealt with these issues in crisis management mode as a reaction to the migration crisis and to terrorists attacks in the EU respectively. On the other hand, while JHA is nowadays a 'normal' EU policy area, there still exists an inherent tension between Member States and between national and EU levels in this policy area, as many issues touch on core competences of the nation state (e.g. providing security to citizens, protecting external borders). Consequently, issues such as the reform of the CEAS, which could be discussed under qualified majority voting in the Council, often require an agreement in the European Council.

Concerning migration, despite the progress made, with the European Council repeating that 'the number of detected illegal border crossings into the EU has been brought down by 95 % from its peak in October 2015', and the many policy issues agreed on by the Heads of State or Government, discussions remain very sensitive. For the time being, there is little chance of overcoming some of the fundamental disagreements between Member States regarding issues such as the relocation of asylum seekers. Policy issues that the European Council is expected to return to in the short-term include the 'controlled centres', and disembarkation platforms for migrants, both <u>new concepts</u> originating from the <u>June 2018 European Council</u>.

As pointed out above, the treaty allows the Council to refer a directive that should actually be agreed on under qualified majority voting in Council to the European Council, which decides by consensus. While this procedure formally only applies to the topics of police and judicial cooperation within the JHA area, informally this method is used in other areas of JHA such as the reform of the Dublin Regulation. The European Parliament has repeatedly <u>expressed</u> its disapproval of the fact that 'the Council, by not using qualified majority voting, has too often referred legislative matters to the European Council'. A recent example in the field of JHA concerned the reform of the CEAS. At the European Council of 18 October 2018, the President of the European Parliament, Antonio Tajani, <u>asked</u> the Heads of State or Government regarding the reform of the CEAS, 'why the Council does not apply the qualified majority rule, but continues to insist on seeking a consensus instead'.

Regarding internal security, it can be expected that before the European Parliament elections in May 2018, the European Council will return to some of the most recent commitments such as 'the protection of the Union's democratic system and combatting disinformation' as well as 'building up resilience to chemical, biological, radiological and nuclear-related risks'. The President of the European Council, Donald Tusk, has <u>indicated</u> that other, more long-term, issues relating to internal security will be added to the new strategic agenda for the Union. According to the schedule set out in the Leaders' agenda, the next strategic agenda for 2019 to 2024 is <u>expected</u> to be adopted at the European Council meeting on 20 and 21 June 2019.

# 5.1. Migration

| Policy Field<br>Specific issue                | Conclusion   | Follow-up action                                 |
|---|--|--|
| General<br>orientations/overall<br>objectives | <u>17-18 October 2018</u><br>The European Council assessed the state of implementation of its June<br>conclusions and called for work to be continued on all elements as part<br>of its comprehensive approach to migration. |  |
|   | <u>17-18 March 2016</u><br>The European Council reaffirms its previous conclusions on the various<br>elements of the comprehensive strategy.   |  |
|   | The European Council confirms its comprehensive strategy to tackle the migration crisis.   |  |
|   | <u>18-19 February 2016</u><br>All the elements agreed last December should be implemented<br>rapidly, including the decisions on relocation and measures to ensure<br>returns and readmissions.                              |  |
|   | <u>26-27 June 2014</u><br>The European Council calls on the EU institutions and the Member<br>States to ensure the appropriate legislative and operational   | Mid-term review of the JHA strategic guidelines. |

| follow-up to these guidelines and will hold a mid-term review in 2017.   |
|--|
|  |
| 22-23 June 2017       European Council will revert to these issues [migration].       European Council conclusions of 19 October         2017.   |
| 17-18 December 2015European Council of 19 February 2016.The Presidency, the Commission and the High Representative will<br>report back on progress before the February meeting of the<br>European Council.European Council |
| 23 September 2015European Council conclusions of 15 OctoberWe will revert to the challenge of migration at the October2015.European Council.2015.  |
| 23 April 2015COM(2015) 240 of 13 May 2015 a EuropeanThe Council and the Commission will report to the European<br>Council in June.Agenda on Migration.   |

| Policy Field<br>Specific issue | Conclusion   | Follow-up action   |
|--------------------------------|--|--|
| Fighting root causes           | <u>28 June 2016</u><br>The EU and its Member States will continue to address the root causes<br>of illegal migration, in close cooperation and in a spirit of mutual<br>ownership with the countries of origin.  |  |
| (Irregular) Migration<br>Flows | <ul> <li><u>19-20 October 2017</u></li> <li>The European Council calls for close monitoring of the situation along the Eastern and Western Mediterranean routes in light of recent increases in migration flows.</li> <li><u>15 December 2016</u></li> <li>It also reiterates the need to remain vigilant on other routes, including in the Western Mediterranean, so as to be able to rapidly react to developments.</li> </ul> |  |
|                                | The European Council will keep progress on stemming the flows<br>and improving return rates under close review.  | Leaders' Agenda meeting on Migration 14<br>December 2017.<br>European Council conclusions of 19 October<br>2017.<br>European Council conclusions of 22-23 June<br>2017.<br>European Council conclusions of 9-10 March<br>2017. |

| Policy Field<br>Specific issue             | Conclusion   | Follow-up action |
|--|--|------------------|
|  | <u>17-18 December 2015</u><br>Continue to closely monitor flows along migration routes so as to be<br>able to rapidly react to developments.   |                  |
| Western Balkans / Eastern<br>Mediterranean | <u>19-20 October 2017</u><br>The European Council further calls for the following: showing full<br>committment to support for the Western Balkans;   |                  |
|  | <u>15 December 2016</u><br>The European Council recalls its October conclusions concerning the<br>Eastern Mediterranean route.   |                  |
|  | It also renews its pledge to continue support for the countries along the Western Balkans route.   |                  |
|  | 28 June 2016<br>The European Council recalls the need to provide continued support<br>to Western Balkan countries, including in their fight against smugglers,<br>and to remain vigilant about potential developments regarding other<br>routes so as to be able to take rapid and concerted action. |                  |

| Policy Field<br>Specific issue | Conclusion  | Follow-up action   |
|--------------------------------|---|--|
|                                | <u>17-18 December 2015</u><br>Ensure implementation and operational follow up to:<br>the High Level Conference on the Eastern Mediterranean - Western<br>Balkans route; in this context, it is important to help non EU Member<br>States along the Western Balkans route to accomplish registration<br>according to EU standards; |  |
|                                | <u>25-26 June 2015</u><br>A high-level conference will be organised to address the<br>challenges of the Western Balkans route.  | <u>High-level Conference on the Eastern</u><br><u>Mediterranean - Western Balkans Route.</u> |
| Resettlement                   | <u>28 June 2016</u><br>Further action is required to accelerate the implementation of the existing resettlement schemes.  |  |
|                                | <u>17-18 December 2015</u><br>Continue implementing the agreed resettlement scheme;   |  |
|                                | <u>15-16 October 2015</u><br>Proceed rapidly with the full implementation of our commitments on resettlement.   |  |

| Policy Field<br>Specific issue | Conclusion  | Follow-up action  |
|--------------------------------|---|---|
|                                | 25-26 June 2015<br>[The European Council agreed on] The agreement that all Member<br>States will participate including through multilateral and national<br>schemes in the resettling of 20.000 displaced persons in clear<br>need of international protection, reflecting the specific situations<br>of Member States. | COM(2016) 468 of 13 July 2016 - proposal for<br>a Regulation establishing a <u>Union</u><br>Resettlement Framework and amending<br>Regulation (EU) No 516/2014 of the European<br>Parliament and the Council.<br>Procedure: 2016/0225 (COD).<br>Justice and Home Affairs Council of 20 July<br>2015 - conclusions on the agreement on<br>resettling through multilateral and national<br>schemes 22 504 displaced persons in clear<br>need of international protection. |
| Relocation                     | <u>15 December 2016</u><br>Member States should further intensify their efforts to accelerate<br>relocation, in particular for unaccompanied minors, and existing<br>resettlement schemes.  |   |
|                                | <u>20-21 October 2016</u><br>The European Council calls upon: Member States to further intensify<br>their efforts to accelerate relocation, in particular for unaccompanied<br>minors, and existing resettlement schemes.   |   |
|                                | <u>28 June 2016</u><br>Further action is required to accelerate the implementation of the existing relocation schemes.  |   |

| Policy Field<br>Specific issue | Conclusion  | Follow-up action   |
|--------------------------------|---|--|
|                                | <u>17-18 March 2016</u><br>The European Council calls for accelerated relocation from Greece,<br>which includes conducting the necessary security checks; the number<br>of applications now being larger than the number of offers, as shown<br>in the Commission report of 16 March, Member States should swiftly<br>offer more places, in line with the existing commitments. |  |
|                                | <u>17-18 December 2015</u><br>The Council should continue work on the crisis relocation mechanism<br>taking into account experience gained.   |  |
|                                | <u>15-16 October 2015</u><br>Proceed rapidly with the full implementation of the decisions taken so far on relocation.  |  |
|                                | <u>23 September 2015</u><br>Ensure relocation at the latest by November 2015;   | Relocation and resettlement - State of Play.   |
|                                | 25-26 June 2015<br>The rapid adoption by the Council of a Decision [on the temporary<br>and exceptional relocation]; to that end, all Member States will<br>agree by consensus by the end of July on the distribution of such<br>persons, reflecting the specific situations of Member States;  | European Parliament legislative resolution of<br>15 September 2016 on the proposal for a<br>Council decision amending Council Decision<br>(EU) 2015/1601 of 22 September 2015<br>establishing provisional measures in the area |

| Policy Field<br>Specific issue | Conclusion | Follow-up action  |
|--------------------------------|------------|---|
|                                |            | of international protection for the benefit of<br>Italy and Greece (COM(2016)0171 - C8-<br>0133/2016 - Procedure: 2016/0089(NLE)).<br>Council Decision (EU) 2015/1601 of 22<br>September 2015 establishing provisional<br>measures in the area of international<br>protection for the benefit of Italy and Greece.<br>Procedure: 2015/0209(NLE).<br>European Parliament legislative resolution of<br>17 September 2015 on provisional measures<br>in the area of international protection for the<br>benefit of Italy, Greece and Hungary.<br>Procedure: 2015/0209(NLE).<br>Proposal COM(2015) 450 for a regulation of<br>the European Parliament and of the Council<br>establishing a crisis relocation mechanism and<br>amending Regulation (EU) No 604/2013 of the<br>European Parliament and of the Council of 26<br>June 2013 establishing the criteria and<br>mechanisms for determining the Member<br>State responsible for examining an<br>application for international protection<br>lodged in one of the Member States by a third<br>country national or a stateless person.<br>Procedure: 2015/0208(COD).<br>Proposal COM(2015) 451 for a Council<br>decision establishing provisional measures in<br>the area of international protection for the<br>benefit of Italy, Greece and Hungary.<br>Procedure: 2015/0209(NLE). |

| Policy Field<br>Specific issue | Conclusion  | Follow-up action   |
|--------------------------------|---|--|
|                                |   | European Parliament Non-legislative<br>enactment of 9 September 2015 - proposal for<br>a Council decision establishing provisional<br>measures in the area of international<br>protection for the benefit of Italy and Greece.<br>Procedure: 2015/0125(NLE). See also<br>2015/2126(BUD).<br>Justice and Home Affairs Council of 3<br>September 2015 - draft decision establishing<br>provisional measures in the area of<br>international protection for the benefit of Italy<br>and of Greece.<br>Proposal COM(2015) 286 for a Council<br>decision establishing provisional measures in<br>the area of international protection for the<br>benefit of Italy and Greece.<br>Procedure: 2015/125 (NLE). |
| Hotspots                       | <u>15-16 October 2015</u><br>Proceed rapidly with the full implementation of the decisions taken so<br>far on the functioning of hotspots.                |  |
|                                | <u>25-26 June 2015</u><br>The setting up of reception and first reception facilities in the<br>frontline Member States, with the active support of Member | Hotspot state of play 18 December 2017   |

| Policy Field<br>Specific issue   | Conclusion   | Follow-up action  |
|--|--|---|
|  | States' experts and of EASO, Frontex and Europol to ensure the swift identification, registration and fingerprinting of migrants ("hotspots").   |   |
|  | The Commission will draw up, in close cooperation with the<br>hosting Member States, a roadmap by July 2015 on the legal,<br>financial and operational aspects of these facilities;  | European Commission Fact sheet refugee crisis 9 September 2015.   |
| Fight against smugglers<br>and human trafficking   | <u>17-18 October 2018</u><br>A joint task force should be established at Europol's European<br>Migrant Smuggling Centre.   |   |
|  | Smuggling networks' online communications should be better<br>monitored and disrupted. The Council, with the support of the<br>Commission, is invited to develop a comprehensive and<br>operational set of measures to this end by December. |   |
| (Support) Frontline<br>Member States (Italy,<br>Greece, Bulgaria)<br>(including, financial<br>instruments) | <u>17-18 March 2016</u><br>The draft amending budget presented by the Commission should<br>be adopted without delay.   | Definitive Adoption (EU, Euratom) 2016/836<br>of Amending budget No 1 of the European<br>Union for the financial year 2016. |

| Policy Field<br>Specific issue | Conclusion   | Follow-up action  |
|--------------------------------|--|---|
|                                | Emergency support to be provided to help Greece cope with the humanitarian situation. The rapid adoption of the Regulation on emergency support is an important step in that respect.                                      | <ul> <li><u>COM(2016) 152</u> of 9 March 2016 - Draft<br/>amending budget No 1 to the general budget<br/>2016 New instrument to provide emergency<br/>support within the Union.</li> <li>Procedure: <u>2016/2037(BUD)</u>.</li> <li><u>COM(2016) 115</u> of 2 March 2016 - proposal<br/>for a Council Regulation on the provision of<br/>emergency support within the Union.</li> <li>Procedure: <u>2016/0069 (NLE)</u>.</li> </ul> |
|                                | <u>18-19 February 2016</u><br>The European Council welcomes the Commission's intention to make<br>concrete proposals [on EU internal humanitarian assistance] as soon as<br>possible;                                      |   |
|                                | <u>23 September 2015</u><br>Enhance the funding of the Emergency Fund for Asylum,<br>Integration and Migration and the Internal Security Fund-Borders.   | Commission increases emergency assistance for asylum and migration.   |
|                                | <u>25-26 June 2015</u><br>The immediate provision of enhanced financial assistance to the<br>frontline Member States to help alleviate the costs of receiving<br>and processing applications for international protection; | <u>Draft amending budget No 7</u> to the general budget 2015.   |

| Policy Field<br>Specific issue | Conclusion   | Follow-up action  |
|--------------------------------|--|---|
|                                | The Commission will set out by July 2015 how Frontex will bring immediate support to frontline States on return.   | European Commission Information note on<br>the support to be provided by Frontex to<br>frontline Member States on the return of<br>irregular migrants.  |
|                                | 23 April 2015<br>Increase emergency aid to frontline Member States;  | Council Decision (EU) 2015/1601 of 22<br>September 2015 establishing provisional<br>measures in the area of international<br>protection for the benefit of Italy and Greece.<br>Procedure: 2015/0209(NLE).<br>Justice and Home Affairs Council of 3<br>September 2015 - draft decision establishing<br>provisional measures in the area of<br>international protection for the benefit of Italy<br>and of Greece. |
| Returns                        | <u>17-18 October 2018</u><br>The European Council invites the European Parliament and the<br>Council to examine, as a matter of priority, the recent Commission<br>proposal on the Return Directive, [] ensuring the most efficient<br>use of resources and developing common minimum standards of<br>external border surveillance, with due respect for the<br>responsibility of the Member States. |   |

| Policy Field<br>Specific issue | Conclusion  | Follow-up action  |
|--------------------------------|---|---|
|                                | <u>9-10 March 2017</u><br>The European Council invites the Council to rapidly examine the<br>Communication on a Renewed Action Plan on Return, called for in<br>the Malta Declaration, as well as the accompanying<br>Recommendation to Member States.  | <u>Justice and Home Affairs Council</u> of 8-9 June 2017 discussing Action plan on Return.                    |
|                                | The European Council welcomes the Commission Communication on a<br>Renewed Action Plan on Return, called for in the Malta Declaration, as<br>well as the accompanying Recommendation to Member States.  |   |
|                                | <u>3 February 2017 (AM)</u><br>We welcome the Commission's intention to rapidly present, as a first<br>step, an updated Action Plan on Returns and to provide guidance for<br>more operational returns by the EU and Member States and effective<br>readmission based upon the existing acquis. |   |
|                                | <u>17-18 December 2015</u><br>The Council should rapidly examine the Commission proposal of<br>15 December on travel documents for returns.   | Justice and Home Affairs Council of 13-14<br>October 2016 discussing European travel<br>document for returns. |
|                                | <u>15-16 October 2015</u><br>At the same time step up implementation by the Member States of the<br>Return Directive.   |   |

| Policy Field<br>Specific issue   | Conclusion   | Follow-up action   |
|----------------------------------|--|--|
|                                  | <u>23 September 2015</u><br>Ensure returns, at the latest by November 2015;  | Towards an efficient and credible EU return policy.  |
|                                  | 25-26 June 2015<br>Member States will fully implement the Return Directive, making full<br>use of all measures it provides to ensure the swift return of irregular<br>migrants; return decisions issued by the Member States will be<br>introduced in the Schengen Information System; | Proposal for a Regulation of the European<br>Parliament and the Council <u>COM(2016) 881</u> of<br>21 December 2016 on the use of the<br>Schengen Information System for the return<br>of illegally staying third country nationals.<br>Procedure: <u>2016/0407 (COD).</u> |
|                                  | The Commission is invited to make proposals in this respect in the context of the 2016 EU budget, and to set up a dedicated European Return Programme.   | <u>COM(2015) 490 final/2</u> - Managing the<br>refugee crisis: immediate operational,<br>budgetary and legal measures under the<br>European Agenda on Migration.   |
|                                  | <u>23 April 2015</u><br>We today commit to while respecting the right to seek asylum, set<br>up a new return programme for the rapid return of illegal<br>migrants from frontline Member States, coordinated by FRONTEX.   | <u>COM(2015) 453</u> of 9 September 2015 EU<br>Action Plan on return.  |
| EASO and EU Agency for<br>Asylum | <u>17-18 October 2018</u><br>The European Council invites the European Parliament and the<br>Council to examine, as a matter of priority, the recent Commission<br>proposal on the Asylum Agency [] ensuring the most efficient  |  |

| Policy Field<br>Specific issue | Conclusion  | Follow-up action   |
|--------------------------------|---|--|
|                                | use of resources and developing common minimum standards of<br>external border surveillance, with due respect for the<br>responsibility of the Member States.   |  |
|                                | <u>15 December 2016</u><br>The European Council recalls the importance of adequate resources<br>being put at the disposal of the European Asylum Support Office<br>(EASO).  |  |
|                                | It welcomes the fact that EASO will start recruiting dedicated staff to ensure a stable and sustainable capacity.   |  |
|                                | <u>20-21 October 2016</u><br>The European Council calls upon: EASO to ensure that the asylum<br>intervention pool becomes operational as soon as possible to<br>support at any time and in sufficient numbers frontline Member<br>States. | EASO Asylum Intervention Pool System<br>(EAIPS) becomes operational. |
|                                | 23 September 2015<br>Tackle the dramatic situation at our external borders and<br>strengthen controls at those borders additional resources for<br>EASO and with personnel and equipment from Member States.                              | <u>Draft amending budget No 5</u> to the general budget 2015.        |

| Conclusion   | Follow-up action  |
|--|---|
| 23 April 2015<br>Deploy EASO teams in frontline Member States for joint<br>processing of asylum applications, including registration and<br>fingerprinting;  | EASO's Annual Report on the Situation of Asylum in the EU 2015.   |
| <u>17-18 December 2015</u><br>The Commission will rapidly present the review of the Dublin<br>system; in the meantime, existing rules must be implemented.   | <u>COM(2016) 270</u> of 4 May 2016 Proposal for a<br>regulation of the European Parliament and of<br>the Council establishing the criteria and<br>mechanisms for determining the Member<br>State responsible for examining an<br>application for international protection<br>lodged in one of the Member States by a<br>third-country national or a stateless person<br>(recast).<br>Procedure: 2016/0133 (COD).  |
| 17-18 October 2018The European Council encouraged the Council Presidency to<br>continue its work [on the reform of the Common European Asylum<br>System] with a view to concluding it as soon as possible.19-20 October 2017The European Council welcomes the progress achieved so far on the<br>reform of the Common European Asylum System and calls for further |   |
|  | 23 April 2015         Deploy EASO teams in frontline Member States for joint processing of asylum applications, including registration and fingerprinting;         17-18 December 2015         The Commission will rapidly present the review of the Dublin system; in the meantime, existing rules must be implemented.         17-18 October 2018         The European Council encouraged the Council Presidency to continue its work [on the reform of the Common European Asylum System] with a view to concluding it as soon as possible.         19-20 October 2017         The European Council welcomes the progress achieved so far on the |

| Policy Field<br>Specific issue | Conclusion  | Follow-up action   |
|--------------------------------|---|--|
|                                | between responsibility and solidarity and ensures resilience to future crises, in line with its June 2017 conclusions.  |  |
|                                | The European Council will return to this matter at its meeting in<br>December.  | <u>Leaders' Agenda</u> meeting on Migration 14<br>December 2017. |
|                                | <u>22-23 June 2017</u><br>The European Council invites the Council to continue negotiations on<br>this basis and amend the legislative proposals as necessary, with the<br>active help of the Commission. |  |
|                                | The European Council reaffirms its previous conclusions on the reform of the Common European Asylum System (CEAS).  |  |
|                                | In this context, the European Council calls for work on an EU list of safe third countries to be taken forward.   | <u>Justice and Home Affairs Council</u> of 5-6 June 2018.        |
|                                | <u>9-10 March 2017</u><br>The European Council calls for further efforts to rapidly deliver on<br>all aspects of the comprehensive migration policy resilient to  |  |

| Policy Field<br>Specific issue | Conclusion   | Follow-up action   |
|--------------------------------|--|--|
|                                | future crises, including with the aim of achieving consensus on the<br>EU's asylum policy during the current Presidency.   |  |
|                                | <u>15 December 2016</u><br>Building on this work, the Council is invited to continue the<br>process with the aim of achieving consensus on the EU's asylum<br>policy during the incoming Presidency. | <u>Justice and Home Affairs Council</u> of 11-12<br>October 2018.<br><u>Justice and Home Affairs Council</u> of 4-5 June<br>2018.<br><u>Justice and Home Affairs Council</u> of 12-13<br>October 2017. |
|                                |  | <u>Justice and Home Affairs Council</u> of 8-9 June<br>2017.<br><u>Justice and Home Affairs Council</u> of 18 May<br>2017.   |
|                                |  | <u>Justice and Home Affairs Council</u> of 27-28<br>March 2017.  |
|                                |  | <u>Justice and Home Affairs Council</u> of 8-9<br>December 2016.   |

| Policy Field<br>Specific issue | Conclusion  | Follow-up action  |
|--------------------------------|---|---|
|                                | <u>20-21 October 2016</u><br>The European Council will revert to the issue of the reform of the<br>Common European Asylum System in December.   | European Council conclusions of 15<br>December 2016.              |
|                                | The European Council also calls for work to be continued on the reform of the Common European Asylum System, including on how to apply the principles of responsibility and solidarity in the | <u>Justice and Home Affairs Council</u> of 4-5 June 2018.         |
|                                | future.   | <u>Justice and Home Affairs Council</u> of 12-13<br>October 2017. |
|                                |   | <u>Justice and Home Affairs Council</u> of 8-9 June 2017.         |
|                                |   | <u>Justice and Home Affairs Council</u> of 18 May 2017.           |
|                                |   | <u>Justice and Home Affairs Council</u> of 27-28<br>March 2017.   |
|                                |   | <u>Justice and Home Affairs Council</u> of 8-9<br>December 2016.  |
|                                |   |   |

| Policy Field<br>Specific issue | Conclusion   | Follow-up action   |
|--------------------------------|--|--|
|                                | <u>17-18 December 2015</u><br>The Council should rapidly decide on its position on the list of safe<br>countries of origin.  | <u>Justice and Home Affairs Council</u> of 5-6 June 2018.<br><u>Coreper</u> meeting of 23 March 2016 agreed on a negotiation mandate for establishing an EU common list of safe countries of origin. |
|                                | <u>23 September 2015</u><br>Need for the transposition and implementation by Member States of<br>the rules of the Common Asylum System.  |  |
|                                | 23 April 2015<br>We today commit to rapid and full transposition and effective<br>implementation of the Common European Asylum System by all<br>participating Member States, thereby ensuring common European<br>standards under existing legislation. |  |
|                                | <u>26-27 June 2014</u><br>The full transposition and effective implementation of the Common<br>European Asylum System (CEAS) is an absolute priority.  |  |

| Policy Field<br>Specific issue  | Conclusion   | Follow-up action  |
|---|--|---|
| Managing/Protecting<br>External Borders                               | <u>22-23 June 2017</u><br>The European Council invites the Commission to prepare, as soon<br>as possible, draft legislation enacting the proposals made by the<br>High Level Expert Group on interoperability. | <u>COM(2017) 794</u> of 12 December 2017<br>proposal for a regulation of the European<br>Parliament and of the Council on establishing<br>a framework for interoperability between EU<br>information systems.<br>Procedure: 2017/0352 (COD).  |
|   | <u>28 June 2016</u><br>Recalling the need to reinforce the control of the EU's external borders<br>to meet both migration and security objectives.   |   |
|   | <u>15-16 October 2015</u><br>Welcome the Commission's intention to rapidly present a package of<br>measures with a view to improving the management of our external<br>borders.                                |   |
| European Travel<br>Information and<br>Authorisation System<br>(ETIAS) | <u>9-10 March 2017</u><br>The European Council calls on co-legislators to speed up work on<br>the proposal for the European Travel Information and<br>Authorisation System.                                    | <u>Council</u> of 5 September 2018 adopted a<br>regulation establishing a European travel<br>information and authorisation system (ETIAS).<br>The <u>Justice and Home Affairs Council</u> of 8<br>June 2017 agreed a general approach on the<br>proposal for a European travel information<br>and authorisation system. |

| Policy Field<br>Specific issue                     | Conclusion  | Follow-up action  |
|--|---|---|
|  | <u>15 December 2016</u><br>The co-legislators should agree by the end of 2017 on a European<br>Travel Information and Authorisation System to ensure that visa-<br>exempt travellers are screened systematically.   | <u>Council</u> of 5 September 2018 adopted a<br>regulation establishing a European travel<br>information and authorisation system (ETIAS).<br>The <u>Justice and Home Affairs Council</u> of 8<br>June 2017 agreed a general approach on the<br>proposal for a European travel information<br>and authorisation system. |
| European Border and<br>Coast Guard (ex<br>FRONTEX) | <u>17-18 October 2018</u><br>The European Council invites the European Parliament and the<br>Council to examine, as a matter of priority, the recent Commission<br>proposal on [] the European Border and Coast Guard, ensuring<br>the most efficient use of resources and developing common<br>minimum standards of external border surveillance, with due<br>respect for the responsibility of the Member States. |   |
|  | <u>15 December 2016</u><br>The European Council recalls the importance of adequate resources<br>being put at the disposal of the European Border and Coast Guard.   |   |
|  | <u>28 June 2016</u><br>It welcomes the political agreement between the European Parliament<br>and the Council on the European Border and Coast Guard proposal.  |   |

| Policy Field<br>Specific issue | Conclusion   | Follow-up action   |
|--------------------------------|--|--|
|                                | Asks for the swift adoption and rapid implementation of the<br>political agreement between the European Parliament and the<br>Council on the European Border and Coast Guard proposal. | <ul> <li><u>COM(2017) 467</u> of 6 September 2017 - Fifth report on the operationalisation of the European Border and Coast Guard.</li> <li><u>COM(2017) 325</u> 13 June 2017 - Fourth report on the operationalisation of the European Border and Coast Guard.</li> <li><u>COM(2017) 219</u> of 2 May 2017 - Third report on the operationalisation of the European Border and Coast Guard.</li> <li><u>COM(2017) 201</u> of 2 March 2017 - Second report on the operationalisation of the European Border and Coast Guard.</li> <li><u>COM(2017) 42</u> of 25 January 2017 - on the operationalisation of the European Border and Coast Guard.</li> <li><u>COM(2017) 42</u> of 25 January 2017 - on the operationalisation of the European Border and Coast Guard.</li> <li><u>Regulation (EU) 2016/1624</u> of the European Parliament and of the Council of 14 September 2016 on the European Border and Coast Guard.</li> <li>Procedure: 2015/0310(COD).</li> </ul> |
|                                | <u>17-18 March 2016</u><br>European Border and Coast Guard proposal, which should be<br>adopted as soon as possible.   | Regulation (EU) 2016/1624 of the European<br>Parliament and of the Council of 14<br>September 2016 on the European Border and<br>Coast Guard.<br>Procedure: 2015/0310(COD).  |

| Policy Field<br>Specific issue | Conclusion  | Follow-up action   |
|--------------------------------|---|--|
|                                | The European Council [] is pleased with progress on the European Border and Coast Guard proposal.   |  |
|                                | <u>18-19 February 2016</u><br>As far as the 'European Border and Coast Guard' proposal is<br>concerned, work should be accelerated with a view to reaching a<br>political agreement under the Netherlands Presidency and to<br>make the new system operational as soon as possible.   |  |
|                                | <u>17-18 December 2015</u><br>The Council should rapidly examine the Commission proposal of<br>15 December on a "European Border and Coast Guard" and adopt<br>its position under the Netherlands Presidency.   | <u>Justice and Home Affairs Council</u> of 25<br>February 2016 discussed the proposal for a<br>European Border and Coast Guard.  |
|                                | <u>15-16 October 2015</u><br>Enhance the mandate of Frontex in the context of discussions over<br>the development of a European Border and Coast Guard System,<br>including as regards the deployment of Rapid Border Intervention<br>Teams in cases where Schengen evaluations or risk analysis<br>demonstrate the need for robust and prompt action, in<br>cooperation with the Member State concerned; | <ul> <li>Regulation (EU) 2016/1624 of the European<br/>Parliament and of the Council of 14</li> <li>September 2016 on the European Border and<br/>Coast Guard.</li> <li>Procedure: 2015/0310(COD).</li> <li>COM(2015) 673 final - A European Border and<br/>Coast Guard and effective management of<br/>Europe's external borders.</li> <li>Procedure: 2015/0310(COD).</li> <li>COM(2015) 671 final - on the European Border<br/>and Coast Guard and repealing Regulation<br/>(EC) No 2007/2004, Regulation (EC) No</li> </ul> |

| Policy Field<br>Specific issue | Conclusion  | Follow-up action  |
|--------------------------------|---|---|
|                                |   | 863/2007 and Council Decision 2005/267/EC.<br>Procedure: 2015/0310(COD).  |
|                                | Before the end of the year, create a dedicated return office within<br>Frontex in order to scale up support to Member States;   | COM(2015) 671 final - on the European Border<br>and Coast Guard and repealing Regulation<br>(EC) No 2007/2004, Regulation (EC) No<br>863/2007 and Council Decision 2005/267/EC.<br>Procedure: 2015/0310(COD). |
|                                | Enlarge the Frontex mandate on return to include the right to<br>organise joint return operations on its own initiative, and enhance<br>its role regarding the acquisition of travel documents for<br>returnees.          | <u>COM(2017) 467</u> of 6 September 2017 - Fifth<br>report on the operationalisation of the<br>European Border and Coast Guard.   |
|                                | 23 September 2015<br>Tackle the dramatic situation at our external borders and<br>strengthen controls at those borders additional resources for<br>Frontex and with personnel and equipment from Member States.           | <u>Draft amending budget No 7</u> to the general budget 2015.   |
|                                | <u>23 April 2015</u><br>We today commit to rapidly reinforce EU Operations Triton and<br>Poseidon by at least tripling the financial resources for this<br>purpose in 2015 and 2016 and reinforcing the number of assets, | <u>Draft amending budget No 5</u> to the general budget 2015.   |

| Policy Field<br>Specific issue   | Conclusion  | Follow-up action  |
|--|---|---|
|  | thus allowing to increase the search and rescue possibilities within the mandate of FRONTEX.  |   |
| Entry/Exit System (EES)<br>(including Registered<br>Traveller Programme) | <u>9-10 March 2017</u><br>The European Council calls on co-legislators to agree on the<br>proposal for an Entry and Exit System by June 2017. | Regulation (EU) 2017/2226 of the European<br>Parliament and of the Council of 30 November<br>2017 establishing an Entry/Exit System (EES)<br>to register entry and exit data and refusal of<br>entry data of third-country nationals crossing<br>the external borders of the Member States<br>and determining the conditions for access to<br>the EES for law enforcement purposes, and<br>amending the Convention implementing the<br>Schengen Agreement and Regulations (EC)<br>No 767/2008 and (EU) No 1077/2011.<br>Procedure: (2016/0106(COD). |
|  | <u>15 December 2016</u><br>The co-legislators should agree by June 2017 on the Entry/Exit<br>System.  | Regulation (EU) 2017/2226 of the European<br>Parliament and of the Council of 30 November<br>2017 establishing an Entry/Exit System (EES)<br>to register entry and exit data and refusal of<br>entry data of third-country nationals crossing<br>the external borders of the Member States<br>and determining the conditions for access to<br>the EES for law enforcement purposes, and<br>amending the Convention implementing the<br>Schengen Agreement and Regulations (EC)<br>No 767/2008 and (EU) No 1077/2011.<br>Procedure: (2016/0106(COD). |

| Policy Field<br>Specific issue | Conclusion   | Follow-up action   |
|--------------------------------|--|--|
|                                |  | European Parliament <u>legislative resolution</u> of<br>25 October 2017 on the proposal for a<br>regulation of the European Parliament and of<br>the Council amending Regulation (EU)<br>2016/399 as regards the use of the entry/exit<br>system.<br>Procedure: <u>2016/0105(COD)</u> .<br>European Parliament <u>legislative resolution</u> of<br>25 October 2017 on the proposal for a<br>regulation of the European Parliament and of<br>the Council establishing an entry/exit system<br>(EES) to register entry and exit data and<br>refusal of entry data for third-country<br>nationals crossing the external borders of the<br>Member States of the European Union and<br>determining the conditions for access to the<br>EES for law enforcement purposes and<br>amending Regulation (EC) No 767/2008 and<br>Regulation (EU) No 1077/2011. Procedure:<br>(2016/0106(COD). |
|                                | <u>20-21 October 2016</u><br>Calls on the Council to establish its position on an entry/exit<br>system before the end of 2016. | <u>Coreper</u> meeting of 2 March 2017 agrees on its negotiating mandate for an entry/exit system.   |

| Policy Field<br>Specific issue      | Conclusion  | Follow-up action   |
|-------------------------------------|---|--|
| Cooperation with<br>Third Countries | <u>15 December 2016</u><br>In order to reinforce the implementation of the Valletta Action<br>Plan and the Partnership Framework, the agreement reached in<br>the Council on the European Fund for Sustainable Development<br>should be followed by swift adoption of the relevant legislation. | Regulation (EU) 2017/1601 of the European<br>Parliament and of the Council of 26<br>September 2017 establishing the European<br>Fund for Sustainable Development (EFSD), the<br>EFSD Guarantee and the EFSD Guarantee<br>Fund, OJ L 249. |
|                                     | <u>15-16 October 2015</u><br>The Commission and the High Representative will propose, within<br>six months, comprehensive and tailor-made incentives to be used<br>vis-a-vis third countries for readmission and returns.   | COM(2016) 385 of 7 June 2016 on establishing<br>a new Partnership Framework with third<br>countries under the European Agenda on<br>Migration.   |
|                                     | <u>25-26 June 2015</u><br>The Council will prepare proposals for areas of cooperation with<br>countries of origin and transit for the Valletta Summit.  | <u>Justice and Home Affairs Council</u> of 14<br>September 2015.   |
| Syrian Fund                         | <u>15-16 October 2015</u><br>Ask Member States to support the EU's Regional Trust Fund<br>responding to the Syria crisis.   |  |
|                                     | <u>23 September 2015</u><br>Including through a substantial increase of the EU's Regional Trust<br>Fund in response to the Syrian Crisis ("Madad Fund");  | <u>Draft amending budget No 7</u> to the general budget 2015.  |

| Policy Field<br>Specific issue  | Conclusion   | Follow-up action                                     |
|---|--|--|
| Readmission   | <u>17-18 October 2018</u><br>Existing readmission agreements should be better implemented, in a non discriminatory way towards all Member States.  |  |
|   | <u>9-10 March 2017</u><br>It recalls the need to pursue work on a range of well-functioning EU<br>readmission arrangements with third countries.   |  |
|   | <u>15-16 October 2015</u><br>Effectively implement all readmission commitments, whether<br>undertaken through formal readmission agreements, the Cotonou<br>Agreement or other arrangements;                                 |  |
| Partnership<br>framework/migration<br>compacts (including<br>previous mobility<br>partnerships) | <u>15 December 2016</u><br>The European Council welcomes the progress on implementation of<br>the compacts with five African countries of origin or transit and the<br>growing ownership in the partner countries.           |  |
|   | <u>20-21 October 2016</u><br>Calls on the High Representative, including in her role as Vice-<br>President of the Commission, to present at the December<br>European Council meeting progress with the five selected African | European Council conclusions of 15<br>December 2016. |

| Policy Field<br>Specific issue | Conclusion   | Follow-up action   |
|--------------------------------|--|--|
|                                | countries and the first results achieved in terms of arrivals and returns.   |  |
|                                | The European Council welcomes the progress made on developing compacts with Lebanon and Jordan to enhance support for refugees and host communities in both countries. |  |
|                                | Takes note of the Commission's "First progress report on the<br>Partnership Framework with third countries under the European<br>Agenda on Migration".                 |  |
|                                | 28 June 2016<br>The Council and the Commission will regularly monitor the<br>process, assess its results and report to the European Council.                           | <ul> <li><u>COM(2017) 471</u> of 6 September 2017 - Fifth<br/>Progress Report on the Partnership<br/>Framework with third countries under the<br/>European Agenda on Migration.</li> <li><u>COM(2017) 350</u> of 13 June 2017 - Fourth<br/>Progress Report on the Partnership<br/>Framework with third countries under the<br/>European Agenda on Migration.</li> <li><u>COM(2017) 205</u> of 2 March 2017 - Third<br/>Progress Report on the Partnership<br/>Framework with third countries under the<br/>European Agenda on Migration.</li> <li><u>COM(2017) 205</u> of 2 March 2017 - Third<br/>Progress Report on the Partnership<br/>Framework with third countries under the<br/>European Agenda on Migration.</li> <li><u>COM(2016) 960</u> of 14 December 2016 -<br/>Second Progress Report: First Deliverables on<br/>the Partnership Framework with third</li> </ul> |

| Policy Field<br>Specific issue | Conclusion   | Follow-up action  |
|--------------------------------|--|---|
|                                |  | countries under the European Agenda on<br>Migration.<br><u>COM(2016) 700</u> of 18 October 2016 - First<br>Progress Report on the Partnership<br>Framework with third countries under the<br>European Agenda on Migration.  |
|                                | The High Representative, including in her role as Vice-President of<br>the Commission, will lead the implementation of this new<br>approach and ensure close and effective coordination between<br>the EU institutions and services and the Member States, with a<br>view to concluding the first compacts before the end of the year. | <ul> <li><u>EU-Lebanon Association Council</u> of 11</li> <li>November 2016 agreeing on EU-Lebanon<br/>Partnership Priorities.</li> <li><u>Council Decision (EU) 2016/2131</u> of 17</li> <li>October 2016 on the position to be taken on<br/>behalf of the European Union within the<br/>Association Council set up by the Euro-<br/>Mediterranean Agreement establishing an<br/>Association between the European</li> <li>Community and its Member States, of the one<br/>part, and the Republic of Lebanon, of the<br/>other part, as regards the adoption of EU-<br/>Lebanon Partnership Priorities, including the<br/>Compact, OJ L 331.</li> <li><u>Council Decision (EU) 2016/2310</u> of 17</li> <li>October 2016 on the position to be taken on<br/>behalf of the European Union within the</li> </ul> |
|                                |  | Association Council set up by the Euro-<br>Mediterranean Agreement establishing an<br>Association between the European<br>Communities and their Member States, of the   |

| Policy Field<br>Specific issue | Conclusion  | Follow-up action   |
|--------------------------------|---|--|
|                                |   | one part, and the Hashemite Kingdom of<br>Jordan, of the other part, as regards the<br>adoption of EU-Jordan Partnership Priorities,<br>including the Compact, OJ L 345.   |
|                                | All relevant instruments and sources of funding should be<br>mobilised in a coherent manner in support of the migration<br>compacts. The Council is invited to rapidly examine the proposals<br>made by the Commission to that effect.  | Council <u>position</u> adopted on the European<br>Fund for Sustainable Development on 13<br>December 2016.<br><u>Council agreement</u> of 17 October 2016 on the<br>way forward on partnership priorities and<br>compacts with Jordan and with Lebanon. |
|                                | <u>25-26 June 2015</u><br>The Council, together with the Commission, will prepare a global<br>package to support the negotiations with the third countries<br>concerned;  | <u>COM(2016) 385</u> of 7 June 2016 on establishing<br>a new Partnership Framework with third<br>countries under the European Agenda on<br>Migration.  |
| External investment plan       | <u>20-21 October 2016</u><br>The European Council calls upon: the Council to agree before the<br>end of the year on its position on the External Investment Plan,<br>which is aimed at boosting investments and job creation in<br>partner countries, with a view to swift agreement with the<br>European Parliament in the first half of 2017. | Regulation (EU) 2017/1601 of the European<br>Parliament and of the Council of 26<br>September 2017 establishing the European<br>Fund for Sustainable Development (EFSD), the<br>EFSD Guarantee and the EFSD Guarantee<br>Fund, OJ L 249.                 |

| Policy Field<br>Specific issue | Conclusion   | Follow-up action  |
|--------------------------------|--|---|
|                                | 28 June 2016<br>The Commission is invited to present by September 2016 a<br>proposal for an ambitious External Investment Plan, which should<br>be examined as a matter of priority by the European Parliament<br>and Council. | European Parliament position <u>adopted</u> on<br>European Fund for Sustainable Development<br>on 6 July 2017.<br>Council <u>position</u> adopted on the European<br>Fund for Sustainable Development on 13<br>December 2016.<br><u>COM(2016)0581 of</u> 14 September 2016<br>Strengthening European Investments for jobs<br>and growth: Towards a second phase of the<br>European Fund for Strategic Investments and<br>a new European External Investment Plan. |
| Cooperation with Turkey        | <u>17-18 October 2018</u><br>Additional efforts are needed to fully implement the EU-Turkey<br>Statement.  |   |
|                                | <u>19-20 October 2017</u><br>The European Council further calls for the following: showing full<br>commitment to our cooperation with Turkey on migration.   |   |

| Policy Field<br>Specific issue | Conclusion  | Follow-up action   |
|--------------------------------|---|--|
|                                | The European Council further calls for the following: full and non-<br>discriminatory implementation of the EU-Turkey Readmission<br>Agreement with all Member States.  |  |
|                                | <u>15 December 2016</u><br>It reiterates its commitment to the EU-Turkey statement and<br>underlines the importance of a full and non-discriminatory<br>implementation of all aspects.  |  |
|                                | It endorses the Joint Action Plan on the implementation of the EU-<br>Turkey statement elaborated between Greece and the Commission<br>and welcomes the fact that Greece has already taken first steps<br>towards its implementation. |  |
|                                | The European Council calls upon all Member States to ensure speedy implementation of the Joint Action Plan [on the implementation of the EU-Turkey statement.   |  |
|                                | <u>17-18 March 2016</u><br>The Commission will regularly report to the Council on the<br>implementation of the EU-Turkey statement;   | <u>COM(2017) 470</u> of 6 September 2017 -<br>Seventh Report on the Progress made in the<br>implementation of the EU-Turkey Statement.<br><u>COM(2017) 323</u> of 13 June 2017 - Sixth Report<br>on the Progress made in the implementation<br>of the EU-Turkey Statement. |

| Policy Field<br>Specific issue | Conclusion  | Follow-up action  |
|--------------------------------|---|---|
|                                | The European Council reiterates that the EU-Turkey Statement does   | <ul> <li><u>COM(2017) 204</u> of 2 March 2017 - Fifth Report<br/>on the progress made in the implementation<br/>of the EU-Turkey Statement.</li> <li><u>COM(2016) 792</u> of 8 December 2016 - Fourth<br/>Report on the Progress made in the<br/>implementation of the EU-Turkey Statement.</li> <li><u>COM(2016) 634</u> of 28 September 2016 - Third<br/>Report on the Progress made in the<br/>implementation of the EU-Turkey Statement.</li> <li><u>COM(2016) 231</u> of 20 April 2016 - European<br/>Commission's <u>first report</u> on the progress<br/>made in the implementation of the EU-Turkey<br/>Statement.</li> </ul> |
|                                | not establish any new commitments on Member States as far as relocation and resettlement are concerned.   |   |
|                                | The European Council calls for the full implementation of the EU-<br>Turkey statement.  |   |
|                                | The European Council takes note of the Commission Communication<br>"Next operational steps in EU-Turkey cooperation in the field of<br>migration", in particular as to how an asylum application from a<br>migrant crossing from Turkey into Greece can be declared |   |

| Policy Field<br>Specific issue | Conclusion   | Follow-up action  |
|--------------------------------|--|---|
|                                | inadmissible, based on the concept of "first country of asylum" or "safe<br>third country", in accordance with European and international law.   |   |
|                                | The EU reiterates that it expects Turkey to respect the highest standards when it comes to democracy, rule of law, respect of fundamental freedoms, including freedom of expression.       |   |
|                                | The European Council asks the Commission to coordinate all<br>necessary support for Greece, for the full implementation of the<br>EU-Turkey statement, and to develop an operational plan. | <u>Joint action plan on the implementation of</u><br>the EU-Turkey Statement December 2016. |
|                                | <u>18-19 February 2016</u><br>The European Council welcomes the agreement reached on the<br>Facility for Refugees in Turkey.   |   |
|                                | It also welcomes the progress on preparing a credible voluntary humanitarian admission programme with Turkey.  |   |
|                                | <u>17-18 December 2015</u><br>In this context COREPER is asked to rapidly conclude its work on<br>how to mobilise the 3 billion euro for the Turkey Refugee Facility;                      | <u>Facility for refugees in Turkey</u> of 3 February 2016.                                  |

| Policy Field<br>Specific issue         | Conclusion   | Follow-up action  |
|--|--|---|
|  | The Council should rapidly examine the Commission proposal of 15 December on a voluntary humanitarian admission scheme.  | <u>Council</u> of 5 December 2017 endorsed<br>Voluntary Humanitarian Admission Scheme<br>with Turkey. |
|  | Ensure implementation and operational follow up to the EU-Turkey Statement of 29 November 2015 and the EU-Turkey Action Plan.  |   |
|  | <u>15-16 October 2015</u><br>Welcomes the joint Action Plan with Turkey as part of a comprehensive<br>cooperation agenda based on shared responsibility, mutual<br>commitments and delivery.   |   |
| Cooperation with Libya                 | <u>19-20 October 2017</u><br>Reiterates the importance of working with the Libyan authorities and<br>all neighbours of Libya to enhance border management capacity and<br>underscores the urgency of supporting the development of the local<br>communities in Libya along the migratory routes; |   |
| Cooperation with<br>Lebanon and Jordan | <u>20-21 October 2016</u><br>The European Council welcomes the progress made on developing<br>compacts with Lebanon and Jordan to enhance support for refugees<br>and host communities in both countries.  |   |

| Policy Field<br>Specific issue | Conclusion   | Follow-up action  |
|--------------------------------|--|---|
|                                | <u>17-18 March 2016</u><br>It calls for pledges to be disbursed promptly and EU Compacts to be finalised to enhance support to refugees and host communities in both countries [Jordan and Lebanon]. | <ul> <li>EU-Lebanon Association Council of 11<br/>November 2016 agreeing on EU-Lebanon<br/>Partnership Priorities.</li> <li>Council Decision (EU) 2016/2131 of 17<br/>October 2016 on the position to be taken on<br/>behalf of the European Union within the<br/>Association Council set up by the Euro-<br/>Mediterranean Agreement establishing an<br/>Association between the European<br/>Community and its Member States, of the one<br/>part, and the Republic of Lebanon, of the<br/>other part, as regards the adoption of EU-<br/>Lebanon Partnership Priorities, including the<br/>Compact, OJ L 331.</li> <li>Council Decision (EU) 2016/2310 of 17<br/>October 2016 on the position to be taken on<br/>behalf of the European Union within the<br/>Association between the European<br/>Communities and their Member States, of the<br/>one part, and the Hashemite Kingdom of<br/>Jordan, of the other part, as regards the<br/>adoption of EU-Jordan Partnership Priorities,<br/>including the Compact, OJ L 345.</li> </ul> |
|                                | The European Council reaffirms its support to Jordan and Lebanon.  |   |

| Policy Field<br>Specific issue                       | Conclusion   | Follow-up action   |
|--|--|--|
| Cooperation with African<br>partners / African Union | <u>17-18 December 2015</u><br>Ensure implementation and operational follow up to the Valletta<br>Summit, particularly as regards returns and readmission.<br><u>23 April 2015</u><br>It will propose the holding of a summit in Malta in the coming  | <u>Valletta summit 11-12 November 2015</u>   |
|  | months;  |  |
| African Fund   | <u>19-20 October 2017</u><br>Commits to ensuring sufficient and targeted funding, including<br>through the North Africa window of the EU Trust Fund for Africa,<br>to underpin the necessary migration-related actions in North<br>Africa and finance all relevant projects in 2017 and beyond, with<br>timely disbursements. It tasks the Council, with the assistance of<br>the Commission, to undertake immediate operational follow-up to<br>ensure delivery on this commitment before the December<br>European Council; | <u>New actions</u> approved under the EU Trust<br>Fund for Africa.<br><u>Three new programmes</u> adopted in the<br>framework of the EU Trust Fund for Africa. |
|  | <u>3 February 2017 (AM)</u><br>We welcome the Commission's decision to mobilise as a first step an<br>additional $\hat{a}$ ,¬200 million for the North Africa window of the Fund and<br>to give priority to migration-related projects concerning Libya.   |  |

| Policy Field<br>Specific issue | Conclusion   | Follow-up action  |
|--------------------------------|--|---|
|                                | <u>15-16 October 2015</u><br>Ask Member States to support EU Trust Fund for Africa.  |   |
|                                | 23 September 2015<br>Increase the funding of the Emergency Trust Fund for stability and<br>addressing the root causes of irregular migration and displaced<br>persons in Africa through additional contributions by Member<br>States.                                  | Annual report 2016 - The Emergency Trust<br>Fund for stability and addressing root causes<br>of irregular migration and displaced persons<br>in Africa. |
| Cooperation with UNHCR         | <u>15-16 October 2015</u><br>Ask Member States to further contribute to the efforts made to<br>support UNHCR, World Food Programme and other agencies.   |   |
| Cooperation with NATO          | <u>9-10 March 2017</u><br>It also recalls the need to implement the "Common set of proposals"<br>for enhanced cooperation with NATO.   |   |
|                                | <u>18-19 February 2016</u><br>The European Council welcomes NATO's decision to assist in the<br>conduct of reconnaissance, monitoring and surveillance of illegal<br>crossings in the Aegean sea and calls on all members of NATO to<br>support this measure actively. |   |

| Policy Field<br>Specific issue | Conclusion   | Follow-up action  |
|--------------------------------|--|---|
| Cooperation with EIB           | <u>19-20 October 2017</u><br>In this context, the European Council welcomes the recent launch of<br>the European Fund for Sustainable Development, which supports<br>investment in African and Neighbourhood countries.<br>It also welcomes the implementation of the Economic Resilience<br>Initiative. |   |
|                                | <u>15 December 2016</u><br>In order to reinforce the implementation of the Valletta Action<br>Plan and the Partnership Framework, the agreement reached in<br>the Council on the EIB External Lending Mandate should be<br>followed by swift adoption of the relevant legislation.                       | Decision (EU) 2018/412 of the European<br>Parliament and of the Council of 14 March<br>2018 amending Decision No 466/2014/EU<br>granting an EU guarantee to the European<br>Investment Bank against losses under<br>financing operations supporting investment<br>projects outside the Union. |
|                                | In this respect, the European Council welcomes the fact that the EIB has started to implement its Resilience Initiative for the Western Balkans and Southern Neighbourhood.  |   |
|                                | <u>28 June 2016</u><br>The European Investment Bank's initiative in the Southern<br>Neighbourhood and Western Balkan countries, as a first step in<br>the new framework of cooperation, will help to foster investment   | <u>Council discussion</u> the EIB Guarantee Fund for external actions.  |

| Policy Field<br>Specific issue | Conclusion  | Follow-up action   |
|--------------------------------|---|--|
|                                | in partner countries and has our full support. To implement this<br>initiative swiftly, the Council is asked to rapidly explore how to<br>provide the required resources;   | Discussion of the the EIB initiative in the<br>Southern Neighbourhood and Western<br>Balkans in the <u>Council</u> . |
|                                | <u>17-18 March 2016</u><br>Further to its February 2016 conclusions, the European Council<br>invites the European Investment Bank to present to its June<br>meeting a specific initiative aimed at rapidly mobilising additional<br>financing in support of sustainable growth, vital infrastructure<br>and social cohesion in Southern neighbourhood and Western<br>Balkans countries. | European Council conclusions of 28 June 2016.  |

# 5.2. Schengen Area

| Policy Field<br>Specific issue                | Conclusion   | Follow-up action   |
|---|--|--|
| General<br>Orientations/Overall<br>Objectives | 26-27 June 2014<br>The European Council calls on the EU institutions and the Member<br>States to ensure the appropriate legislative and operational<br>follow-up to these guidelines and will hold a mid-term review in<br>2017.   | <u>Mid-term review of the JHA strategic</u><br>guidelines. |
| Schengen Monitoring<br>System                 | <u>19-20 October 2017</u><br>The European Council reiterates its commitment to the Schengen<br>system and expresses the intention to get "Back to Schengen" as soon<br>as possible while taking proportionate security interests of Member<br>States fully into account. |  |
| Schengen borders code                         | <u>15 December 2016</u><br>The European Council welcomes the agreement on the revised<br>Schengen Borders Code enforcing systematic controls on all travellers<br>crossing EU external borders.  |  |
|   | Calls for its swift implementation [of the revised Schengen Borders<br>Code] by the Member States, while taking into account specific<br>situations of some Member States.   |  |

| Policy Field<br>Specific issue | Conclusion  | Follow-up action  |
|--------------------------------|---|---|
|                                | <u>20-21 October 2016</u><br>The European Council calls for a swift adoption of the revised<br>Schengen Borders Code enforcing systematic controls on all travellers<br>crossing EU external borders. | Regulation (EU) 2016/399 of the European<br>Parliament and of the Council of 9 March 2016<br>on a Union Code on the rules governing the<br>movement of persons across borders<br>(Schengen Borders Code).   |
|                                | <u>17-18 December 2015</u><br>The Council should rapidly examine the Commission proposal of<br>15 December on the Schengen Borders Code.  | <u>Justice and Home Affairs Council</u> of 2<br>February 2016 agrees its negotiation position<br>on the Schengen Borders Code.  |
|                                | <u>12 February 2015</u><br>We will also consider a targeted amendment to the Schengen<br>Borders Code where necessary to provide for permanent checks,<br>based on a proposal by the Commission;      | Regulation (EU) 2017/458 of the European<br>Parliament and of the Council of 15 March<br>2017 amending Regulation (EU) 2016/399 as<br>regards the reinforcement of checks against<br>relevant databases at external borders.<br>Procedure: 2015/0307(COD).<br>Proposal COM(2015) 0008 for a Regulation on<br>a Union Code on the rules governing the<br>movement of persons across borders<br>(Schengen Borders Code).<br>Procedure: 2015/0006 (COD). |

| Policy Field<br>Specific issue                               | Conclusion  | Follow-up action  |
|--|---|---|
| Visa liberalisation<br>agreements (+suspension<br>mechanism) | 20-21 October 2016<br>Co-legislators are invited to reach agreement within the next few<br>weeks on the revision of the suspension mechanism applied to<br>visas. | <ul> <li><u>Regulation (EU) 2017/371</u> of the European<br/>Parliament and of the Council of 1 March 2017<br/>amending Council Regulation (EC) No<br/>539/2001 listing the third countries whose<br/>nationals must be in possession of visas when<br/>crossing the external borders and those<br/>whose nationals are exempt from that<br/>requirement (revision of the suspension<br/>mechanism).</li> <li>Procedure: 2016/0142(COD).</li> <li>On 7 December 2016 the European<br/>Parliament and the Council reached an<br/>agreement on a regulation to revise the<br/>suspension mechanism that can be applied to<br/>all existing visa liberalisation agreements.</li> <li>Justice and Home Affairs Council of 20 May<br/>2016 agreed its negotiating position on the<br/>proposed regulation to revise the suspension<br/>mechanism which can be applied to all<br/>existing visa liberalisation agreements.</li> </ul> |

# 5.3. European Area of Security

| Policy Field<br>Specific issue     | Conclusion   | Follow-up action   |
|------------------------------------|--|--|
| General<br>Orientations/Objectives | <u>17-18 October 2018</u><br>In recent years, real progress has been made to strengthen our<br>internal security through better cooperation, concrete measures on<br>the ground, and the adoption of a range of legal texts, such as on<br>Passenger Name Records, combating terrorism and ensuring a high<br>common level of network and information security. These need to be<br>fully implemented. |  |
|                                    | <u>9-10 March 2017</u><br>Continuing to implement the renewed European Union Internal<br>Security Strategy 2015-2020 is therefore crucial; the European<br>Council will keep this under review.  | European Council of 18 October 2018.                       |
|                                    | <u>15 December 2016</u><br>The European Council reaffirms its commitment to the<br>implementation of the European Union Internal Security Strategy<br>2015-2020.   |  |
|                                    | <u>26-27 June 2014</u><br>The European Council calls on the EU institutions and the<br>Member States to ensure the appropriate legislative and<br>operational follow-up to these guidelines and will hold a mid-<br>term review in 2017.   | <u>Mid-term review of the JHA strategic</u><br>guidelines. |

| Policy Field<br>Specific issue                            | Conclusion   | Follow-up action   |
|---|--|--|
|   | The review and update of the internal security strategy by mid-<br>2015.   | EU Internal Security Strategy 2015-2020.                                     |
| Combatting Organised<br>Crime and Terrorism               | <u>26-27 June 2014</u><br>In this context, the European Council reaffirms the role of the EU<br>Counter Terrorism Coordinator.   |  |
| Removing online content                                   | <u>17-18 October 2018</u><br>The Commission proposal on preventing the dissemination of<br>terrorist content online should be examined as a matter of<br>priority.   |  |
| Preventing radicalisation<br>(including foreign fighters) | <u>30 August 2014</u><br>It calls for the accelerated implementation of the package of EU<br>measures in support of Member States efforts, as agreed by the<br>Council since June 2013, in particular to prevent radicalisation and<br>extremism, share information more effectively - including with<br>relevant third countries, dissuade, detect and disrupt suspicious<br>travel and investigate and prosecute foreign fighters. |  |
|   | The European Council will review this matter [the flow of foreign fighters] at its meeting in December.  | Informal meeting of the Heads of State or<br>Government 12 of February 2015. |

| Policy Field<br>Specific issue                 | Conclusion  | Follow-up action   |
|--|---|--|
|  | The European Council requests the Council to review the<br>effectiveness of the measures [to stem the flow of foreign<br>fighters] and to propose additional action, as required.   | <u>JHA Council</u> meeting of 10 October 2014.   |
| Money laundering and/or<br>terrorist financing | <u>17-18 October 2018</u><br>The Commission proposal [] on access to financial information,<br>as well as to better combat money laundering, should be agreed<br>on by the end of the legislature.                                    |  |
|  | <u>15 December 2016</u><br>The political agreement between the co-legislators on the<br>Counter-Terrorism Directive is an important step and should be<br>followed by the swift adoption of the proposal on anti-money<br>laundering. | Directive (EU) 2018/843 of the European<br>Parliament and of the Council of 30 May<br>2018 amending Directive (EU) 2015/849 on<br>the prevention of the use of the financial<br>system for the purposes of money<br>laundering or terrorist financing, and<br>amending Directives 2009/138/EC and<br>2013/36/EU (Text with EEA relevance).<br>Procedure: 2016/0208(COD). |
|  | <u>17-18 December 2015</u><br>The Council and the Commission will take rapidly further action<br>against terrorist finance in all domains identified by the Council<br>of 20 November; regarding in particular asset freeze and other | <u>COM/2016/050</u> on an Action Plan for<br>strengthening the fight against terrorist<br>financing.   |

| Policy Field<br>Specific issue   | Conclusion  | Follow-up action  |
|--|---|---|
|  | restrictive measures, priority should be given to strengthening<br>and, if need be, extending the existing measures to tackle<br>ISIL/Da'esh-related activity throughout the EU.  |   |
| Hybrid, Cyber, Chemical,<br>biological, radiological and<br>nuclear (CBRN) | <u>17-18 October 2018</u><br>The European Council welcomes the adoption of the new regime of<br>restrictive measures to address the threat from chemical weapons<br>and looks forward to early progress on the listing of relevant<br>individuals and entities. |   |
| Firearms and weapons   | <u>15 December 2016</u><br>The political agreement between the co-legislators on the<br>Counter-Terrorism Directive is an important step and should be<br>followed by swift adoption of the proposal on firearms.   | Directive (EU) 2017/853 of the European<br>Parliament and of the Council of 17 May<br>2017 amending Council Directive<br>91/477/EEC on control of the acquisition and<br>possession of weapons.<br>Procedure: 2015/0269(COD).<br>Economic and Financial Affairs Council<br>12/02/2016 - conclusions on the fight against<br>the financing of terrorism. |
|  | <u>17-18 December 2015</u><br>Member States should fully implement the Regulation on explosives<br>precursors.  |   |

| Policy Field<br>Specific issue   | Conclusion  | Follow-up action   |
|----------------------------------|---|--|
|                                  | The Council will rapidly examine the Commission proposals on combatting terrorism and on firearms, in particular on high-powered semi-automatic weapons.  | <u>Justice and Home Affairs Council</u> of 10 March 2016 debated the proposal for a directive on control of the acquisition and possession of weapons. |
| Fighting disinformation          | <u>17-18 October 2018</u><br>The Commission will assess the implementation of the Code of<br>Practice on disinformation by the end of the year.   |  |
|                                  | In this respect, the measures proposed by the Commission on<br>election cooperation networks, online transparency, protection<br>against cybersecurity incidents, unlawful data manipulation and<br>fighting disinformation campaigns [] deserve rapid examination<br>and operational follow-up by the competent authorities. |  |
| Europol                          | 23 September 2015<br>Tackle the dramatic situation at our external borders and<br>strengthen controls at those borders additional resources for<br>Europol and with personnel and equipment from Member States.   | <u>Draft amending budget No 5</u> to the general budget 2015.  |
| Cooperation with Third countries | <u>20-21 October 2016</u><br>The European Council welcomes the signing of the "EU-Afghanistan<br>Joint Way Forward on Migration Issues" on 2 October to tackle  |  |

| Policy Field<br>Specific issue                                | Conclusion   | Follow-up action  |
|---|--|---|
|   | challenges linked to irregular migration and improve practical cooperation on returns, readmission and reintegration.  |   |
| Cooperation and<br>Information Exchange<br>of Law Enforcement | <u>17-18 December 2015</u><br>The commitment made by the Heads of State or Government last<br>February for deeper cooperation between security services should be<br>further pursued.  |   |
|   | <u>12 February 2015</u><br>The Commission should issue rapidly operational guidelines for<br>systematic and coordinated checks on individuals enjoying the<br>right of free movement against databases relevant to the fight<br>against terrorism based on common risk indicators. | <u>C(2015) 3894</u> of 15 June 2015 amending the<br>Recommendation establishing a common<br>"Practical Handbook for Border<br>Guards (Schengen Handbook)" to be used by<br>Member States' competent authorities when<br>carrying out the border control of persons. |
| Personal data collection<br>(e.g.PNR)                         | <u>15 December 2016</u><br>The political agreement between the co-legislators on the Counter-<br>Terrorism Directive is an important step and should be followed by<br>the implementation of new passenger name record (PNR) legislation.  | Justice and Home Affairs Council of 21 April<br>2016 adopted a directive on the use of<br>passenger name record (PNR) data for the<br>prevention, detection, investigation and<br>prosecution of terrorist offences and serious<br>crime.                           |
|   |  | European Parliament <u>legislative resolution</u> of 14 April 2016 on the proposal for a directive of the European Parliament and of the  |

| Policy Field<br>Specific issue | Conclusion   | Follow-up action   |
|--------------------------------|--|--|
| Specific Issue                 | <u>17-18 December 2015</u><br>The agreement between the co-legislators on the proposal for a<br>Directive on the use of passenger name record (PNR) data for the<br>prevention, detection, investigation and prosecution of terrorist<br>offences and serious crime paves the way for its rapid adoption and<br>implementation which will constitute a crucial step in the fight<br>against terrorism. | Council on the use of Passenger Name<br>Record data for the prevention, detection,<br>investigation and prosecution of terrorist<br>offences and serious crime.<br>Procedure: 2011/0023(COD).<br><u>Justice and Home Affairs Council</u> of 4<br>December 2015 approved the compromise<br>text agreed with the European Parliament on<br>the proposal for a directive on the use of<br>passenger name record (PNR) data for the<br>prevention, detection, investigation and<br>prosecution of terrorist offences and serious<br>crime. |
|                                | The European Council recalls the commitment of all Member States<br>to apply the PNR to intra-EU flights, as well as to non-air carriers such<br>as travel agencies and tour operators.  |  |
|                                |  |  |

| Policy Field<br>Specific issue                             | Conclusion  | Follow-up action  |
|--|---|---|
|  | <u>12 February 2015</u><br>We ask that EU legislators urgently adopt a strong and effective<br>European Passenger Name Records directive with solid data<br>protection safeguards;  | European Parliament <u>legislative resolution</u> of<br>14 April 2016 on the proposal for a directive<br>of the European Parliament and of the<br>Council on the use of Passenger Name<br>Record data for the prevention, detection,<br>investigation and prosecution of terrorist<br>offences and serious crime.<br>Procedure: <u>2011/0023(COD)</u> . |
|  | <u>30 August 2014</u><br>The European Council calls on the Council and the European<br>Parliament to finalise work on the EU Passenger Name Record<br>proposal before the end of the year.  | European Parliament <u>legislative resolution</u> of<br>14 April 2016 on the proposal for a directive<br>of the European Parliament and of the<br>Council on the use of Passenger Name<br>Record data for the prevention, detection,<br>investigation and prosecution of terrorist<br>offences and serious crime.<br>Procedure: <u>2011/0023(COD)</u> . |
| ECRIS (European Criminal<br>Records Information<br>System) | <u>17-18 October 2018</u><br>Negotiations on pending proposals, including on a strengthened<br>European Criminal Records System, should be concluded by the<br>end of the year and all measures needed for their<br>implementation should be taken with the highest priority. |   |

| Policy Field<br>Specific issue  | Conclusion   | Follow-up action |
|---|--|------------------|
| Crisis and disaster<br>management<br>EU Civil protection<br>mechanism | <u>17-18 October 2018</u><br>Negotiations on the EU civil protection mechanism proposal<br>should be concluded by the end of the year. |                  |

# 5.4. European Area of Justice

| Policy Field<br>Specific issue                 | Conclusion   | Follow-up action   |
|--|--|--|
| General Orientations                           | 26-27 June 2014<br>The European Council calls on the EU institutions and the Member<br>States to ensure the appropriate legislative and operational<br>follow-up to these guidelines and will hold a mid-term review in<br>2017. | <u>Mid-term review of the JHA strategic</u><br>guidelines.   |
| EPPO / Fight fraud and<br>damages to EU budget | <u>17-18 October 2018</u><br>The Commission initiative to extend the competences of the<br>European Public Prosecutor's Office to cross-border terrorist<br>crimes should be examined.   |  |
|  | <u>26-27 June 2014</u><br>Fight fraudulent behaviour and damages to the EU budget,<br>including by advancing negotiations on the European Public<br>Prosecutor's Office.   | Council Regulation (EU) 2017/1939 of 12<br>October 2017 implementing enhanced<br>cooperation on the establishment of the<br>European Public Prosecutor's Office.   |
| Personal Data<br>Protection                    | <u>26-27 June 2014</u><br>Adopt a strong EU General Data Protection framework by 2015.   | Regulation (EU) 2016/679 of the European<br>Parliament and of the Council of 27 April 2016<br>on the protection of natural persons with<br>regard to the processing of personal data and<br>on the free movement of such data, and |

| Policy Field<br>Specific issue | Conclusion   | Follow-up action  |
|--------------------------------|--|---|
|                                |  | repealing Directive 95/46/EC (General Data<br>Protection Regulation).<br>Procedure: 2012/0011(COD). |
|                                | <u>17-18 October 2018</u><br>The Commission proposals on e-evidence [] should be agreed on<br>by the end of the legislature. |   |
|                                | The Commission should also urgently submit negotiating mandates for the international negotiations on e-evidence.            |   |

# 6. External relations

External relations are a recurrent item on the agenda of the European Council. The EU's external action includes foreign affairs, external security and defence, development policy and international trade. This chapter highlights the attention given by the European Council to foreign affairs, external security and defence. Development policy and international trade aspects are discussed separately in Chapters 7 and 8.

### A. Foreign affairs

### A.1. Background

The security landscape has progressively deteriorated in the EU's neighbourhood in the past halfdecade, both in the south and in the east. This has led the European Council to devote much of its attention to <u>monitoring</u> the crises in Libya, Syria and Ukraine. In parallel, the European Council has continued to deal with '<u>pressing international issues</u>'. Discussions have covered developments on the Korean peninsula, the Middle East peace process and the fragile situation in the Western Balkans, inter alia.

The Heads of State or Government have also considered Russia's growing assertiveness, including its role in the Ukrainian and Syrian crises. They have discussed the downing of flight MH17 and have called repeatedly for a transparent investigation. More recently, in 2018, they <u>showed</u> unity following the Salisbury attack and <u>called</u> 'for the adoption of a new EU regime of restrictive measures to address the use and proliferation of chemical weapons'. They have also called for an action plan to counter disinformation activities originating in Russia.

Transatlantic relations have attracted even more of the European Council's attention since the Trump administration came to power in 2017. The progressive rejection of multilateralism has led the US to denounce the Paris Climate Agreement, to gradually disengage from the UN, including its <u>human rights council</u>, and to unilaterally denounce the Iran nuclear agreement. Multilateralism remains the pillar of EU foreign policy action, as indicated in the <u>EU global strategy</u>. In this context, the European Council has regularly affirmed the EU's support for multilateralism and confirmed the Unions' commitment to an international trade policy, fully supportive of WTO rules (see Chapter 7), and to the full implementation of the Paris Climate Agreement (see Chapter 4). The EU leaders have also <u>confirmed</u> the Union's 'full commitment to the Iran nuclear deal'.

### A.2. Agenda formation and meeting focus

Since 2014, the European Council has discussed foreign affairs items at each of its regular meetings. As a general rule, foreign affairs are considered under the 'external relations' item. An exception to this pattern is the external dimension of migration, which is sometimes considered under external relations and other times under migration. The February 2016 and March 2016 European Council meetings represent two noteworthy examples. In February 2016, the European Council <u>referred</u> to the situation in Libya, including implications for the external relations were not included as a stand-alone point on the European Council annotated draft agenda but have been discussed as part of the migration debate, with the EU leaders <u>considering</u> the situation in Libya and along the Western Balkans route.

The European Council used informal, special and extraordinary meetings as vehicles for crisis management between 2014 and 2016. Five meetings (two informal and three extraordinary) were called between February 2014 and February 2015. They allowed the European Council to articulate a common position in response to the Ukrainian crisis and to continue to follow developments. The outbreak of the migration crisis in early 2015 shifted the European Council's attention from the crisis in Ukraine to migration. The external dimension of migration was present in European Council debates from as early as April 2015 when the European Council first convened a special meeting on migration and a decision was taken to prepare a military common security and defence policy (CSDP) operation in the Mediterranean. Two additional informal meetings held in 2015 and one held in 2016 tackled the external dimension of migration.

The European Council stopped calling for extraordinary meetings on foreign policy grounds after 2017, having departed from the <u>crisis mode</u> in which it had been operating in previous years. One informal European Council, convened in Sofia, on 16 May 2018, was dedicated to the Western Balkans. The summit had been planned in advance and included in the Leaders' Agenda published in October 2017. It enabled the adoption the next day, as part of the EU-Western Balkans summit, of the <u>Sofia Declaration</u>.

Annotated draft agendas, released more than a month ahead of each formal European Council meeting, are an early indicator of foreign and security policy items that may attract EU leaders' attention. They are usually vague, to allow greater flexibility. This principle was confirmed in October 2017 by the <u>Leaders' Agenda</u>, which specified that 'the agenda does not list points that recur on regular basis, such as external relations, except where a specific item is already known at this stage'. The foreign policy items to be included in the European Council agenda are decided upon at the Foreign Affairs Council meeting held on the Monday preceding the Heads of State or Government meeting.

Foreign affairs remain the embodiment of the intergovernmental method in the EU. Decisions pertaining to foreign and security policy are taken unanimously within the European Council. A few Treaty-based exceptions, such as the appointment of the High Representative of the Union for Foreign and Security Policy (hereinafter, the High Representative), allow for the use of qualified majority voting (QMV). The European Council can decide to extend the list of foreign policy items to which QMV applies, with the exception of decisions having military and defence implications, where Treaty change is required.

# A.3. Legal basis for European Council action in foreign affairs, external security and defence

General orientations for foreign and security policy

- Articles 15, 16(6), 22, 24 of the Treaty on European Union (TEU): the European Council identifies 'the Union's strategic interests' and 'objectives' and sets out strategic orientations for the EU, including for matters of foreign, security and defence policy.
- Article 24.1 TEU: the EU's common foreign and security policy (CFSP), of which defence is an integral part, is 'defined and implemented by the European Council and the Council'.

European Council preparation and decision-making

- Article 16(6) TEU: the Foreign Affairs Council, in cooperation with the President of the European Council, prepares and ensures the follow-up of the European Council foreign, security and defence policy meetings.
- Articles 15 TEU: the European Council President 'ensures the external representation of the Union' in a way that does not hamper the action of the High Representative.

- Articles 18, 22, 24, 31TEU: unanimity is required in the European Council for foreign and security policy decisions, unless qualified majority applies (for example, when appointing the High Representative). Under Article 31(3), the European Council can, by unanimity, extend qualified majority voting to more foreign policy areas than those identified in Article 31(2)TEU. In his 'state of the Union' address of September 2018, the European Commission President, Jean-Claude Juncker called for the use of this treaty mechanism and for the <u>extension</u> of qualified majority voting to cover more foreign policy areas, including civilian CSDP operations.
- Article 26TEU: the President 'shall convene an extraordinary meeting of the European Council' with the objective of defining 'strategic lines' should the international situation so require. On several occasions, extraordinary meetings have been <u>convened</u> to discuss foreign policy matters (for example, Ukraine in 2014) while defence has been considered only at regular European Council meetings.

### Security and defence policy

- Article 42(2)TEU: the 'progressive framing of a common Union defence policy' may lead to 'common defence' should the European Council 'acting unanimously' so decide. This treaty provision remains unimplemented to date as no action has yet been taken by the European Council in support of 'common defence'.
- Articles 42(6) and 46TEU and Protocol No 10: Member States willing to make 'more binding commitments' in defence may use permanent structured cooperation (PESCO) for this purpose. Successive <u>attempts</u> to activate PESCO remained unsuccessful until December 2017 when 25 EU Member States expressed their commitment to the mechanism and the European Council welcomed its launch.

### A.4. Strategic orientations

- The EU global strategy: in June 2016, the High Representative, Federica Mogherini, presented the European Council with the EU global strategy. The strategy resulted from a request made by the Heads of State or Government in <u>December 2013</u> that was subsequently reiterated by the European Council. The EU leaders 'welcomed' the EU global strategy and invited the High Representative, Federica Mogherini, the European Commission and the Council to start implementing it.
- The review of regional and sectorial strategies was one of the main points advanced by the EU global strategy. The October 2016 Foreign Affairs Council <u>retained</u> the updating and the preparation of new 'regional and thematic strategies' as a priority.

Several strategic documents have been adopted at EU level since October 2016. This section presents the main strategic documents relating to three themes that have drawn the attention of the European Council in recent years.

- The EU strategy for Syria. In his September 2016 'state of the Union' address the European Commission President, Jean-Claude Juncker, called for an EU Strategy for Syria. The strategy, adopted in March 2017, outlined the EU's support for 'a lasting political solution' in Syria. It called for a united, democratic and stable Syria, protective of its citizens and supportive of their cultural diversity. It confirmed the EU's willingness to work with international partners in support of a negotiated solution in Syria, to provide targeted humanitarian aid and support Syria's reconstruction 'once a credible political transition is underway'.
- Strategy for the Western Balkans. On 6 February 2018, the European Commission <u>published</u> a communication entitled 'A credible enlargement perspective for and enhanced EU enlargement with the Western Balkans', accompanied by an <u>action plan</u> detailing <u>six flagship</u>

initiatives aimed at supporting the region on its European path. The document offered a clear prospect of enlargement to all six Western Balkans countries. An accession date of 2025 was even advanced, provided that the six countries met the accession requirements. This allowed the EU to send a <u>strong political signal</u> to the region and show commitment to the 'open door policy' reiterated by the European Council at its March 2017 meeting. The <u>Sophia Declaration</u> adopted in May 2018 at the EU-Western Balkans summit confirmed the European perspective of the region but did not commit to an accession date. This approach is in line with the 2006 European Council <u>conclusions</u>, which stated that '[t]he Union will refrain from setting any target dates for accession until negotiations are close to completion'.

Strategy to counter disinformation. At the request of the European Council, on 22 June 2015 the High Representative presented an action plan on strategic communication. The action plan identified three objectives: 1) effective and positive communication on EU projects, policies and values in the Eastern Neighbourhood; 2) support for media capacity building in the Eastern Neighbourhood; and 3) action to raise public awareness of disinformation campaigns. More recently, in April 2018, the European Commission presented a communication on 'Tackling online disinformation: a European approach'. The document outlined that 57 % of users in the EU preferred online news platforms and social media and that 80 % of Europeans believed that they had come across information they believed was 'false or misleading several times a month or more'. It <u>outlined</u> the main objectives that should guide the EU action, in particular increased transparency and 'enhanced fact-checking' of online content. As a result, in June 2018, the EU leaders <u>mandated</u> the High Representative, Federica Mogherini, to review the action plan by December 2018.

### A.5. Noteworthy commitments: specific requests and follow-up

### Supporting a 'lasting political solution' in Syria

The European Council devoted attention to the crisis in Syria right from its outbreak in March 2011, as shown in Figure 1. Between March 2011 and February 2013, Syria was a permanent feature on the meeting agendas of EU leaders, who called repeatedly for regime change. This phase of active monitoring was followed by two years (March 2013 to April 2015) during which the crisis in Syria was monitored at the level of the Foreign Affairs Council, with the European Council intervening sporadically. Emphasis was placed on the renewal of sanctions and the disbursement of humanitarian aid.



Figure 1 – Monitoring by the European Council of the Syrian crisis

Source: EPRS, based on an earlier version published in 'The European Council and Crisis Management' (2016).

The outbreak of the migration crisis in April 2015 meant that the European Council again entered into an active monitoring phase during which the EU leaders devoted most of their attention to the humanitarian situation in Aleppo; this lasted until December 2016. The period between April 2015

and December 2016 was also characterised by intense diplomatic activity, with the EU energetically supporting a UN-brokered political solution in line with the <u>2012 Geneva Communiqué</u>. In several of its resolutions, the European Parliament <u>called</u> for the cessation of hostilities and urged negotiating parties to 'intensify work for a lasting political settlement in Syria'.

In <u>December 2016</u>, the European Council invited 'the High Representative to continue her ongoing direct engagement with all relevant partners'. Two conferences on 'Supporting the future of Syria and the region' have been organised in Brussels under the patronage of the High Representative, Federica Mogherini, since then. They focused on humanitarian action, the role of civil society in the future of Syria and expressed support for 'a lasting political settlement' based on the Geneva Communiqué. The UN Special Envoy for Syria at the time, Staffan de Mistura, was invited in <u>March 2018</u> to attend Foreign Affairs Council meetings for an exchange of views on the situation in Syria and, more broadly, in the region.

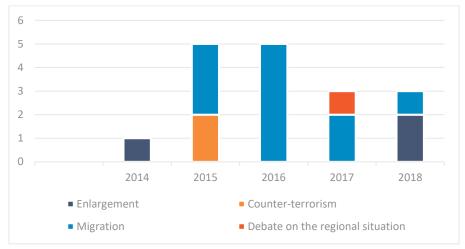
A new phase of Foreign Affairs Council monitoring began in January 2017. It coincided with a loss of pace of in the Geneva peace talks and the multiplication of the <u>Astana talks</u>, held under the auspices of Turkey, Russia and Iran, and to which the UN is party. Since January 2017, the EU has reaffirmed its support for a negotiated political solution, condemned the use of chemical weapons and <u>renewed</u> sanctions imposed on the Syrian regime.

#### A European perspective for the Western Balkans

The European Council has regularly referred to the Western Balkans in its conclusions since 2014, as shown in Figure 2. Between 2015 and 2017, the agenda was dominated by counter-terrorism cooperation and by the need to stem migration on the Western Balkans route. Between June 2014, when Albania was granted candidate country status, and March 2018, when the European Commission launched its strategy for the Western Balkans, enlargement was put on hold. During this period no accession negotiations were opened and no candidate country status granted, while only technical-level progress was made in the case of countries already having opened accession negotiations (Montenegro and Serbia). The European Parliament remained <u>engaged</u> with the region through <u>active</u> parliamentary diplomacy. This was the case for the former Yugoslav Republic of Macedonia in particular, where the 2015 EU-brokered Pržino Agreement helped the country overcome inter-ethnic party tensions, aspire to political stability and re-engage with the reform process.

As the regional security situation deteriorated in early 2017, analysts <u>spoke</u> of no clear political commitment to the region, pointed to the <u>stagnation</u> of reforms and stressed the fragility of the political and security situation. They warned of the danger of having the Western Balkans turn their back to the European project unless a clear commitment on the region's European future was made.

Figure2 – Incidence of Western Balkans-related topics in the European Council conclusions (June 2014 – October 2018)



# Source: EPRS. An extended version of this graph was published in the EPRS briefing <u>The European Council and</u> <u>the Western Balkans: Overview of discussions since the Lisbon Treaty</u>.

The European Council held its first debate in almost a decade on the regional situation in the Western Balkans in March 2017. The debate was of two-fold importance: it both reaffirmed the European perspective of the Western Balkans and placed enlargement back on the political agenda of the EU. The strategy for the Western Balkans published by the European Commission in March 2018 stems from the meeting held a year earlier by the European Council. The <u>declaration and</u> priority agenda adopted in Sofia at the EU-Western Balkans summit, inspired by the European Commission's strategy, is an operational document introducing goals to reach (for example, expanding the EU energy union to the Western Balkans). The country reports published in April 2018 by the European Commission lifted prior existing conditionalities and recommended opening accession negotiations with Albania and the former Yugoslav Republic of Macedonia. In June 2018, the European Council reiterated the EU's 'open door policy' towards the Western Balkans.

Since March 2017, substantive progress has been made across the region in solving long-lasting disputes. The former Yugoslav Republic of Macedonia has proved to be the champion of this process as it has <u>brokered agreements</u> with both Bulgaria and Greece. In the latter case, a vote in parliament held on 19 October 2018 confirmed the country's willingness to stay on the European path and proceed with the constitutional procedure required to change its name in accordance with the agreement concluded earlier this year with Greece.

### Countering disinformation

In <u>March 2015</u>, the European Council 'stressed the need to challenge Russia's ongoing disinformation campaigns. It invited the High Representative, in cooperation with Member States and EU institutions, to prepare by June an action plan on strategic communication'. It also called for the establishment of a communications team, tasked with developing and implementing the action plan. The action plan was adopted in June 2015 and the <u>East StratCom Task Force</u>, located within the European External Action Service, became operational in September 2015.

The European Council held 'a strategic policy debate on relations with Russia' in October 2016. The debate, <u>long planned</u> and several times <u>postponed</u>, displayed '<u>major differences</u>' between Member States regarding views on Russia. The European Council President Donald Tusk summed up the debates in a very concise and expressive way by saying that: 'Leaders emphasised all sorts of Russian activities, from airspace violations, disinformation campaigns, cyber attacks, interference into the political processes in the EU and beyond, hybrid tools in the Balkans, to developments in the MH17

investigation'. A powerful indicator of persistent disagreement was that no operational conclusions were adopted at that meeting.

The European Council continued to discuss countering disinformation in June 2018. It called for the adoption of a new 'action plan by December 2018 with specific proposals for a coordinated EU response to the challenges of disinformation', including a better defined mandate for the strategic communication teams and sufficient resources. The December 2018 European Council is <u>expected</u> to return to the topic.

As early as November 2016, the European Parliament stressed in a <u>resolution</u> the need to allocate sufficient resources to strategic communication, in terms both of manpower and of funding. It has also advanced the idea that additional task forces, including a task force dedicated to the South that would be able 'to contribute effectively to the deconstruction and to the fight against ISIL/Daesh extremist propaganda and influence', which has been since created. In a 2017 report, <u>analysts</u> pointed out that 'communication activities carried out by the East StratCom Task Force are modest in scale in comparison to the multidimensional media propaganda produced by Russia'. They stressed that the lack of a dedicated budget and limited staff numbers seriously restricted the effectiveness of the task force and its ability to address and fulfil the objectives of the 2015 action plan.

### A. 6. Challenges ahead and outlook

The EU will continue to face a volatile security situation in its neighbourhood in the years to come. In this context, the European Council will have to play its Treaty role to the full and continue to set strategic guidelines for foreign policy action. This requires a regular assessment of the threats and risks the European Union is faced with, as <u>requested</u> by several Heads of State or Government, in the 'Future of Europe' debate. It would require a collective debate on relations with Russia rather than one-off reactions to its actions. It would also mean considering how to preserve strategic relations with the US in a context where there is a not insignificant risk of drifting apart.

### B. European defence cooperation

### B.1. Background

European defence cooperation (EDC) is a rolling item on the agenda of the European Council. Cooperation on defence began to gain impetus more than half a decade ago, but the process has accelerated significantly over the past two years. Whilst at the start of the period (2012) the European Council conclusions on European defence cooperation included mainly statements, Figure 3 shows the progressive increase in the share of commitments over time. This highlights the European Council's strong political will to develop defence cooperation further. The inversion of the 'statement'/'commitment' curves occurred in December 2016 and coincided with the start of implementation of the security and defence component of the EU global strategy, a process the European Council has been steering and monitoring closely ever since. A second peak was registered in December 2017 with the launch of permanent structured cooperation (PESCO).

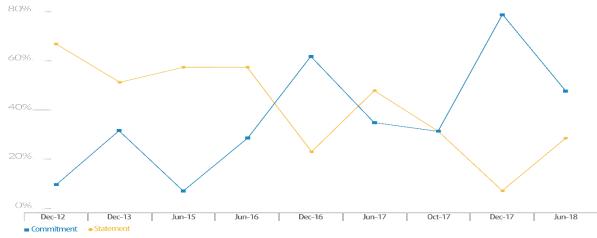


Figure 3 – Variation of European Council conclusions on defence by meeting since 2012

Source: EPRS.

A series of push factors have accelerated European defence cooperation. They include a particularly challenging environment in the EU's neighbourhood, especially in Libya, Syria and Ukraine where crises and conflicts remain unsolved. The EU continues to face an increasingly assertive Russia and needs to reassure its partners in the Western Balkans of its open door policy, while it seeks to overcome tensions in transatlantic relations, principally but not exclusively, linked to <u>burdensharing</u> within NATO.

### B.2. Legal basis for European Council action in external security and defence

The treaty provisions outlined above in this chapter under Section A.3 also apply to defence cooperation. They are complemented by specific provisions, of which some are discussed below:

- Article 42(2)TEU: The 'progressive framing of a common Union defence policy' may lead to 'common defence' should the European Council 'acting unanimously' so decide. This treaty provision remains unimplemented to date as no action has yet been taken by the European Council in support of 'common defence'.
- Articles 42(6) and 46TEU and Protocol No 10: Member States willing to make 'more binding commitments' in defence may use permanent structured cooperation (PESCO) for this purpose. Successive <u>attempts</u> to activate PESCO remained unsuccessful until December 2017 when 25 EU Member States expressed their commitment to the mechanism and the European Council welcomed its launch.

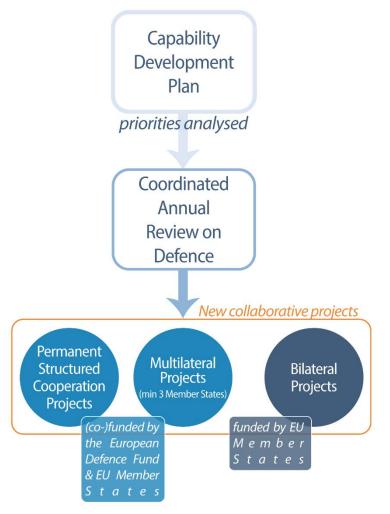
### **B.3. Strategic orientations**

- The EU global strategy: The EU global strategy, which called for greater efforts 'on defence, cyber, counterterrorism, energy and strategic communications' was 'welcomed' by the Heads of State or Government in June 2016. The Heads of State or Government then mandated the High Representative, Federica Mogherini, to start implementing the strategy. Subsequently, in the autumn of 2016, successive Council meetings confirmed that precedence would be given to implementation of the defence component of the EU global strategy.
- The defence package: By December 2016, the European Council had endorsed a defence package including: 1) the implementation plan on security and defence (IPSD) offering the framework to implement the security and defence component of the global strategy; 2) the European defence action plan (EDAP) presented by the European Commission with the aim of stimulating better spending in defence and fostering economies of scale; 3) the Council conclusions on the implementation of the EU-NATO joint declaration signed in July 2016 in Warsaw.

### B.4. Noteworthy commitments: specific requests and follow-up

A series of cooperative mechanisms – the coordinated annual review on defence (CARD), PESCO, and the European Defence Fund (EDF) – have been introduced since 2016 with the aim of enabling EU Member States to jointly identify defence capability shortages and, subsequently, to develop new ones effectively. Their interaction is presented in Figure 4. Their introduction has boosted the secretarial role of the European Defence Agency (EDA), without substantively increasing its resources (financial or manpower).

Figure 4 – Interaction between CARD, PESCO and the EDF



Source: EPRS, based on <u>EEAS</u> and <u>EDA</u> data.

Coordinated annual review on defence

The <u>coordinated annual review on defence</u> (CARD) is a voluntary mechanism allowing the identification of EU Member State's capabilities and shortfalls based on the capability development plan. It is a process driven by Member States. Its results are intended to allow Member States to define and develop collaborative capability projects, with the ability to overcome the identified shortfalls. Such projects can be conducted within or outside the framework of PESCO, as shown in Figure 4 above.

CARD has been in the spotlight of the European Council since late 2016. The EU leaders asked the HR/VP, Federica Mogherini, to make proposals on the elements that would define the mechanism.

The CARD modalities were agreed upon in Council in the first half of 2017 and the European Defence Agency (EDA) was tasked with the secretarial work. Analysts have welcomed this development but, at the same time, have <u>warned</u> that the multiplication of the tasks carried out by the EDA with respect to CARD, as well as in the context of PESCO and the EDF, need to be accompanied by an increase in the resources allocated to the agency. The EDA budget, which has been 'frozen' at roughly  $\in$ 31 million for almost a decade on account of Member States' diverging views on the role of the EDA, was increased by 5 % for the 2018 financial year. It remains to be seen if this development will be confirmed when the 2019 EDA budget is adopted.

### Permanent structured cooperation

In December 2016, the European Council gave the HR/VP, Federica Mogherini, a mandate to present 'elements and options for an inclusive permanent structured cooperation based on a modular approach and outlining possible projects' in the months ahead. In June 2017, taking into consideration work carried by the HR/VP and the Council but also the EU Member States' views, the European Council 'agreed on the need to launch inclusive and ambitious permanent structured cooperation'. EU leaders then requested a 'common list of criteria and binding commitments', a prerequisite to enable the EU Member States to notify their intention to take part in PESCO. By December 2017, 25 EU Member States had notified the Council of their intention to join PESCO.

An initial set of 17 PESCO projects was agreed in March 2018, followed by a second set of 17 projects in November 2018. 'Military mobility' is the flagship project – and the only individual PESCO project that the European Council focused on at its December 2017 and June 2018 meetings. Led by the Netherlands, 'military mobility' is the most <u>inclusive</u> PESCO project, with 24 out of 25 Member States participating. It is <u>complemented</u> by two other initiatives developed by the European Commission (the November 2017 joint communication on improving military mobility in the EU, expected to be funded through the <u>Connecting Europe Facility</u> instrument as a dual-use project), and the <u>EU-NATO initiative</u>. The overall aim of the three 'military mobility' initiatives is to facilitate the rapid movement of military capabilities from one side of the continent to the other, if need be. The Heads of State or Government will, most probably, refer once again to 'military mobility' in the near future when they consider matters of defence. The review of the implementation of 'military mobility' is <u>expected</u> by spring 2019.

### European Defence Fund

From December 2016 onwards, the European Council discussed the <u>European Defence Fund</u> (EDF) at each of its meetings dedicated to matters of defence. The EDF, which is part of the European Commission's European defence action plan, is comprised of <u>two windows</u>, one dedicated to defence research and another to capabilities. The research window is fully funded by the EU budget. The capability window includes the development of prototypes co-financed by the EU budget (20 %) and Member States (80 %), and an acquisition dimension fully funded by the EU Member States. The total amount estimated for the EDF under the next MFF is  $\in$ 13 billion.

### B.5. Challenges ahead and outlook

The European Council has committed to monitor security and defence developments regularly. There is broad consensus within the European Council on the need to continue to further develop European defence cooperation. Nevertheless, this consensus will be put to the test in the 2021-2027 MFF negotiations. The EU leaders will have to confirm their commitment to defence and its budgeted instrument, the EDF, in a context where several other policy areas (for example, <u>cohesion</u> <u>policy</u>) will most likely have lower than expected budgets

# 6.1. Foreign Affairs

| Policy field<br>Specific issue  | Conclusion  | Follow-up action   |
|---|---|--|
| European<br>Neighbourhood Policy<br>Association Agreement<br>with Ukraine | <u>15 December 2016</u><br>Further to the adoption of a robust suspension mechanism, the<br>co-legislators are invited to complete the procedure leading to<br>the lifting of visa requirements for Ukraine.    | Regulation (EU) 2017/850 of 17 May 2017 of<br>the European Parliament and of the Council<br>amending Regulation (EC) No 539/2001<br>listing the third countries whose nationals<br>must be in possession of visas when crossing<br>the external borders and those whose<br>nationals are exempt from that requirement<br>(Ukraine).  |
| Association Agreement<br>with Georgia                                     | <u>15 December 2016</u><br>Further to the adoption of a robust suspension mechanism, the<br>co-legislators are invited to complete the procedure leading to<br>the lifting of visa requirements for [] Georgia. | Regulation (EU) 2017/372 of 1 March 2017 of<br>the European Parliament and of the Council<br>amending Regulation (EC) No 539/2001<br>listing the third countries whose nationals<br>must be in possession of visas when crossing<br>the external borders and those whose<br>nationals are exempt from that requirement<br>(Georgia). |
| Southern<br>Neighbourhood<br>Partnership                                  | <u>19-20 March 2015</u><br>The European Council will have a broader discussion on the<br>Southern Neighbourhood in October [2015].  | <u>Foreign Affairs Council</u> conclusions of 14<br>December 2015.   |

| Policy field<br>Specific issue           | Conclusion   | Follow-up action  |
|--|--|---|
|  | In this context, the European Council welcomed the ministerial meeting to be held in Barcelona on 13 April which will provide a unique opportunity to hear our southern partners' views.   |   |
| Ukraine<br>Ukrainian energy crisis       | 23-24 October 2014<br>The European Council welcomed progress in the resolution of the<br>Ukrainian energy crisis.<br>30 August 2014<br>The European Council welcomes [] the talks on energy.   |   |
| Support for reform<br>process in Ukraine | <ul> <li>19-20 March 2015</li> <li>The European Council called for the third Macro-Financial<br/>Assistance package for Ukraine to be adopted as a matter of<br/>urgency.</li> <li>23-24 October 2014</li> <li>Looking ahead to Parliamentary elections on 26 October, the<br/>European Council reiterates its willingness to support Ukraine as it<br/>addresses political and economic reform, including in the energy<br/>sector, in line with the commitments both sides have made through<br/>the Association Agreement.</li> </ul> | Decision (EU) 2015/601 of 15 April 2015 of the<br>European Parliament and of the Council<br>providing macro-financial assistance to<br>Ukraine. |

| Policy field<br>Specific issue     | Conclusion   | Follow-up action |
|------------------------------------|--|------------------|
|                                    | <u>26-27 June 2014</u><br>The European Council reconfirms its commitment to support the<br>economic stabilisation process in Ukraine.<br>Welcomes the two recent significant Commission disbursements  |                  |
|                                    | totalling 750 million EUR in the framework of the State Building<br>Contract and the Macro Financial Assistance.   |                  |
| President Poroshenko<br>peace plan | <u>16 July 2014</u><br>Recalling the statements of the Heads of State or Government on<br>Ukraine of 6 March and 27 May and its conclusions of 21 March and 27<br>June, the European Council once again stresses its support for a<br>peaceful settlement of the crisis in Ukraine, notably the urgent need to<br>agree on a genuine and sustainable cease-fire by all parties to create<br>the necessary conditions for the implementation of President<br>Poroshenko's peace plan. |                  |
|                                    | <u>26-27 June 2014</u><br>Recalling the Statements of the Heads of State and Government on<br>Ukraine of 6 March and 27 May, the European Council conclusions of<br>21 March and the conclusions of the Foreign Affairs Council on<br>Ukraine of 23 June, the European Council expresses its support to the<br>peace plan announced last week by President Poroshenko.   |                  |

| Policy field<br>Specific issue | Conclusion  | Follow-up action |
|--------------------------------|---|------------------|
| Minsk Agreements               | 23-24 October 2014<br>Recalling its conclusions of 30 August, the European Council<br>welcomed the Minsk Protocol of 5 September and the Minsk<br>Memorandum of 19 September as steps towards a sustainable<br>political solution of the crisis, which must be based on respect for<br>Ukraine's independence, sovereignty and territorial integrity. |                  |
| MH17 flight                    | <u>28-29 June 2018</u><br>The European Council reiterates its full support for UNSC Resolution<br>2166 concerning the downing of flight MH-17.  |                  |
|                                | <u>15-16 October 2015</u><br>The European Council welcomes the international and independent<br>report, conducted by the Dutch Safety Board, published on 13<br>October into the downing of flight MH17.  |                  |
|                                | 23-24 October 2014<br>The European Council reiterates its call for immediate, safe and<br>unrestricted access to the MH17 crash site.   |                  |
|                                | <u>30 August 2014</u><br>Moreover, the European Council reiterates its call for immediate, safe<br>and unrestricted access to the MH17 crash site as part of a cease-fire.  |                  |

| Policy field<br>Specific issue                                  | Conclusion   | Follow-up action   |
|---|--|--|
| Economic, trade, financial<br>and other restrictive<br>measures | <u>23-24 October 2014</u><br>The European Council recalled previous EU decisions on restrictive<br>measures.   |  |
|   | <u>30 August 2014</u><br>It commits the Commission to include in its proposal a provision<br>on the basis of which every person and institution dealing with<br>the separatist groups in the Donbass will be listed.   | Council Decision No 2014/659/CFSP of 8<br>September 2014 amending Decision No<br>2014/512/CFSP concerning restrictive<br>measures in view of Russia's actions<br>destabilising the situation in Ukraine (OJ L<br>271, 12.9.2014, p. 54).   |
|   | It commits the Commission to urgently undertake preparatory<br>work, jointly with the EEAS, and present proposals for<br>consideration within a week.  | Council Decision No 2014/658/CFSP of 8<br>September 2014 amending Decision No<br>2014/145/CFSP concerning restrictive<br>measures in respect of actions undermining<br>or threatening the territorial integrity,<br>sovereignty and independence of Ukraine (OJ<br>L 271, 12.9.2014, p. 47). |
|   | <u>16 July 2014</u><br>In this context, the European Council recalls the decision of 11 July to<br>expand the travel ban and asset freeze within the European Union to<br>11 new individuals for actions undermining Ukraine's territorial<br>integrity, sovereignty and independence. |  |

| Policy field<br>Specific issue | Conclusion  | Follow-up action  |
|--------------------------------|---|---|
|                                | It tasks the Council to adopt the necessary legal instruments and<br>to decide by the end of July on a first list of entities and persons,<br>including from the Russian Federation, to be listed under the<br>enhanced criteria.   | Council Regulation (EU) No 833/2014 of 31<br>July 2014 concerning restrictive measures in<br>view of Russia's actions destabilising the<br>situation in Ukraine (OJ L 229, 31.07.2014, p.<br>1).  |
|                                | The European Council requests the EIB to suspend the signature of new financing operations in the Russian Federation.   | <u>Statement</u> of 29 July 2014 by President<br>Barroso and President Van Rompuy in the<br>name of the European Union on the agreed<br>additional restrictive measures against Russia.   |
|                                | In line with the policy of non-recognition of the illegal annexation<br>of Crimea and Sevastopol, the European Council Commitments<br>the Commission and the EEAS to present proposals for additional<br>measures in particular on restricting investments in Crimea and<br>Sevastopol. | <ul> <li><u>Council Decision No 2014/658/CFSP</u> of 8<br/>September 2014 amending Decision No 2014/145/CFSP concerning restrictive measures in respect of actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine (OJ L 271, 12.9.2014, p. 47).</li> <li><u>Council Decision No 2014/659/CFSP</u> of 8<br/>September 2014 amending Decision No 2014/512/CFSP concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine (OJ L 271, 12.9.2014, p. 54).</li> <li><u>Foreign Affairs Council</u> conclusions of 15<br/>August 2014.</li> <li><u>Council Regulation (EU) No 833/2014</u> of 31<br/>July 2014 concerning restrictive measures in</li> </ul> |

| Policy field<br>Specific issue | Conclusion  | Follow-up action  |
|--------------------------------|---|---|
|                                |   | view of Russia's actions destabilising the<br>situation in Ukraine (OJ L 229, 31.07.2014, p.<br>1).<br><u>Foreign Affairs Council</u> conclusions of 22 July<br>2014. |
|                                | <u>26-27 June 2014</u><br>The European Council recalls that the European Commission, the EEAS<br>and the Member States have been undertaking preparatory work on<br>targeted measures, as it requested in March, so that further steps can<br>be taken without delay.   |   |
|                                | The European Council underlines its commitment to reconvene at any time for further significant restrictive measures.   | European Council conclusions of 19-20 March<br>2015.<br>European Council conclusions of 30 August<br>2014.  |
|                                | Following its March conclusions and the decision not to recognise the<br>illegal annexation of Crimea and Sevastopol, the European Council<br>welcomes the work undertaken by the Commission to give effect to<br>this policy and the decision to prohibit the import of goods from<br>Crimea and Sevastopol which do not have a Ukrainian certificate. |   |

| Policy field<br>Specific issue | Conclusion  | Follow-up action   |
|--------------------------------|---|--|
|                                | Conclusion         23-24 October 2014         The European Council reiterates that it will not recognize the illegal annexation of Crimea.         30 August 2014         Recalling the statements of the Heads of State or Government on Ukraine of 6 March and 27 May and its conclusions of 21 March, 27 June and 16 July, the European Council remains extremely concerned by the ongoing and increasingly intense fighting in Eastern Ukraine.         The European Union reiterates the urgent need for a sustainable political solution based on respect for Ukraine's sovereignty, territorial integrity, unity and independence. | Follow-up action   |
|                                | <u>16 July 2014</u><br>The European Council remains committed to reconvene at any<br>time should events so require.   | European Council conclusions of 15<br>December 2016.<br>European Council conclusions of 28 June<br>2016.<br>European Council conclusions of 19-20 March<br>2015.<br>European Council conclusions of 23-24<br>October 2014. |

| Policy field<br>Specific issue | Conclusion   | Follow-up action  |
|--------------------------------|--|---|
|                                | 26-27 June 2014<br>The Council will assess the situation and, should it be required,<br>adopt necessary decisions.   | Council Regulation (EU) No 833/2014 of 31<br>July 2014 concerning restrictive measures in<br>view of Russia's actions destabilising the<br>situation in Ukraine.<br>Council Decision No 2014/512/CFSP of 31 July<br>2014 concerning restrictive measures in view<br>of Russia's actions destabilising the situation<br>in Ukraine.<br>Foreign Affairs Council conclusions of 22 July<br>2014. |
|                                | <u>15 December 2016</u><br>The European Council welcomes the results of the EU-Ukraine Summit<br>on 24 November 2016.  |   |
| EU-Russia relations            | <u>30 August 2014</u><br>The European Council welcomes the exceptional measures taken by<br>the Commission to stabilise the EU agricultural and food markets in<br>order to alleviate the effects of the Russian import restrictions on<br>certain EU agricultural products. |   |

| Policy field<br>Specific issue | Conclusion  | Follow-up action  |
|--------------------------------|---|---|
|                                | <u>16 July 2014</u><br>Finally, the European Council invites the Commission to re-assess<br>EU-Russia cooperation programmes with a view to taking a<br>decision, on a case by case basis, on the suspension of the<br>implementation of EU bilateral and regional cooperation<br>programmes.   | European Council conclusions of 30 August 2014.   |
| Strategic communication        | 28-29 June 2018<br>Invites the High Representative and the Commission to present,<br>in cooperation with the Member States and in line with the March<br>2015 European Council conclusions, an action plan by December<br>2018 with specific proposals for a coordinated EU response to the<br>challenge of disinformation, including appropriate mandates and<br>sufficient resources for the relevant EEAS Strategic<br>Communications teams; | <u>Roadmaps</u> of 16 October 2018 to implement<br>the Code of Practice on disinformation.<br><u>Code of Practice</u> of 16 October 2018 to fight<br>online disinformation. |
|                                | <u>19-20 March 2015</u><br>[The European Council] invited the High Representative, in<br>cooperation with Member States and EU institutions, to prepare<br>by June (2015) an action plan on strategic communication.  | <u>Action Plan</u> on Strategic Communication of 22 June 2016.  |
| EU-Turkey Relations            | <u>22 March 2018</u><br>The European Council will remain seized of these matters<br>[Turkey's actions in the Mediterranean].  | <u>General Affairs Council</u> conclusions of 26 June 2018.   |

| Policy field<br>Specific issue | Conclusion  | Follow-up action   |
|--------------------------------|---|--|
|                                | Recalling its conclusions of October 2014 and the Declaration of 21 September 2005 (re Turkey).   |  |
|                                | In this context, it recalls Turkey's obligation to respect International<br>Law and good neighbourly relations, and normalize relations with all<br>EU Member States including the Republic of Cyprus.      |  |
| Middle East<br>Syria           | <u>15 December 2016</u><br>To this end, the European Council invites the High Representative<br>to continue her ongoing direct engagement with all relevant<br>partners.                                    | <ul> <li><u>Opening statement</u> by the High<br/>Representative, Federica Mogherini, at the 25<br/>April 2018 Second Brussels Conference<br/>'Supporting the Future of Syria and the<br/>Region'.</li> <li><u>Foreign Affairs Council</u> conclusions of 18 April<br/>2018.</li> <li><u>Opening statement</u> by the High<br/>Representative, Federica Mogherini, at the 5<br/>April 2017 Brussels Conference 'Supporting<br/>the future of Syria and the Region'.</li> </ul> |
|                                | <u>18-19 February 2016</u><br>Recalling UNSC Resolution 2254, the European Council welcomes the<br>commitments made by the International Syria Support Group meeting<br>in Munich on 11/12 February (2016). |  |

| Policy field<br>Specific issue | Conclusion  | Follow-up action  |
|--------------------------------|---|---|
| Middle East Peace Process      | 30 August 2014<br>The European Council welcomes the cease-fire agreement reached<br>under the auspices of the Egyptian authorities.<br><u>16 July 2014</u><br>The European Council welcomes on-going efforts by regional<br>partners, and in particular the initiative launched by Egypt, to establish<br>a cease-fire. |   |
| Iraq                           | <u>30 August 2014</u><br>In this context, the European Council welcomes the efforts made by<br>the US and other partners and the initiative of holding an international<br>conference on security in Iraq.  |   |
| Iran                           | <u>19-20 October 2017</u><br>The European Council reaffirms its full commitment to the Iran nuclear<br>deal and endorses the statement by the Foreign Affairs Council of 16<br>October 2017.  |   |
| ISIL Terrorist Threat          | <u>30 August 2014</u><br>It commits the Council to consider a more effective use of the<br>existing restrictive measures, in particular to deny ISIL the  | <u>Council decision (CFSP) 2016/1693</u> of 20<br>September 2016 concerning restrictive<br>measures against ISIL (Da'esh) and Al-Qaeda<br>and persons, groups, undertakings and |

| Policy field<br>Specific issue | Conclusion  | Follow-up action   |
|--------------------------------|---|--|
|                                | benefits of illicit oil sales or sales of other resources on<br>international markets.  | entities associated with them and repealing<br>Common Position 2002/402/CFSP.<br><u>General Affairs Council</u> of 20 September<br>2016. |
| North Africa<br>Libya          | <u>28 June 2016</u><br>The European Council reiterates its readiness to support the<br>Government of National Accord (GNA).   |  |
|                                | In this context, the European Council welcomes the adoption of UNSC<br>Resolution 2292 and the expanded role for Operation Sophia in<br>enforcing the arms embargo on Libya and training the Libyan Coast<br>Guard. |  |
|                                | <u>17-18 December 2015</u><br>The EU welcomes the signing in Skhirat of the Libyan political<br>agreement as a very important step.   |  |
|                                | <u>15-16 October 2015</u><br>The EU reiterates its offer of substantial political and financial support<br>to the Government of National Accord as soon as it takes office.   |  |

| Policy field<br>Specific issue | Conclusion   | Follow-up action  |
|--------------------------------|--|---|
|                                | <u>19-20 March 2015</u><br>The High Representative will present proposals as agreed at the<br>Council on 16 March 2015.  | Council decision (CFSP) 2015/778 of 18 May<br>2015 on a European Union military operation<br>in the Southern Central Mediterranean<br>(EUNAVFOR MED).<br>Foreign Affairs Council conclusions of 18 May<br>2015.<br>Foreign Affairs Council conclusions of 20 April<br>2015. |
| Humanitarian Aid<br>Ukraine    | <u>18 December 2014</u><br>The European Council welcomes the Commission's readiness to<br>increase humanitarian aid to the suffering people in Ukraine.  |   |
| Syria                          | <u>18-19 February 2016</u><br>The European Council welcomes the start of delivery of humanitarian<br>aid within one week to civilians in besieged areas.<br>In this context, the European Council welcomes the outcome of the<br>Conference on supporting Syria and the Region in London on 4<br>February. |   |
| Ebola Crisis                   | <u>23-24 October 2014</u><br>The European Council calls on the High Representative and the<br>Commission to develop a package of measures addressing the   | <u>Foreign Affairs Council</u> conclusions of of 17<br>November 2014.   |

| Policy field<br>Specific issue | Conclusion  | Follow-up action  |
|--------------------------------|---|---|
|                                | wider political, security and economic implications of the Ebola<br>crisis in West Africa.  |   |
|                                | The recent Foreign Affairs Council and the meeting of EU<br>Ministers for Health have further defined EU action and the<br>European Council urges the swift implementation of their<br>conclusions. | Third report of 16 December 2015 from the<br>EU Ebola Coordinator to the European<br>Council.<br>Council conclusions of 7 December 2015.<br>Second report of 18 March 2015 from the EU<br>Ebola Coordinator to the European Council.  |
|                                |   | <ul> <li>Foreign Affairs Council conclusions of 16<br/>March 2015.</li> <li>Report of 10 December 2014 from the EU<br/>Ebola Coordinator to the European Council.</li> <li>Employment, Social Policy, Health and<br/>Consumer Affairs Health Council of 1<br/>December 2014 where Commission updated<br/>ministers on the state of play.</li> <li>Foreign Affairs Council conclusions of 17<br/>November 2014.</li> </ul> |
|                                | The European Council welcomed Member States' commitments to increase financial assistance, which will bring total funding to 1 billion euro.  |   |

| Policy field<br>Specific issue | Conclusion  | Follow-up action   |
|--------------------------------|---|--|
|                                | The European Council invites the President of the Commission<br>and the High Representative to report back at its next meeting on<br>the measures taken to respond to the Ebola crisis.   | Employment, Social Policy, Health and<br>Consumer Affairs Council of 1 December 2014<br>where ministers received an <u>information note</u><br>from the Commission on measures<br>undertaken so far. |
|                                | <u>30 August 2014</u><br>In this regard the European Council welcomes the additional funds<br>provided by the European Union and its Member States and their<br>efforts to provide further financial and human resources to meet in<br>particular the increased demand for experts on the ground. |  |
|                                | The European Council calls for increased coordination at EU level<br>of the assistance provided by EU Member States and invites the<br>Council to adopt a comprehensive EU response framework to<br>address this crisis.  | Foreign Affairs Council conclusions of 20<br>October 2014.<br>European Commission comprehensive<br>reponse framework to the Ebola virus<br>outbreak.   |
| Western Balkans                | <u>9-10 March 2017</u><br>It reaffirmed its unequivocal support for the European perspective of<br>the Western Balkans.   |  |
|                                | Welcoming the progress made by the countries of the region.   |  |

| Policy field<br>Specific issue  | Conclusion  | Follow-up action   |
|---|---|--|
| Former Yugoslav Republic<br>of Macedonia                                | <u>28-29 June 2018</u><br>The European Council strongly welcomes and supports the agreement<br>reached between the former Yugoslav Republic of Macedonia and<br>Greece on the name issue. |  |
| Enlargement and<br>stabilisation and<br>association process             | <u>28-29 June 2018</u><br>The European Council endorses the conclusions on enlargement and<br>stabilisation and association process adopted by the Council on 26<br>June 2018.            |  |
| Accession Agreement with<br>Albania                                     | <u>26-27 June 2014</u><br>The European Council endorsed the Council conclusions of 24 June<br>2014 on Albania.  |  |
| Chemical Weapons<br>Prohibition/Chemical<br>Weapons Convention<br>(CWC) | <u>28-29 June 2018</u><br>Calls for the adoption as soon as possible of a new EU regime of<br>restrictive measures to address the use and proliferation of<br>chemical weapons.           | Foreign Affairs Council conclusions of 15<br>October 2018. |

# 6.2. European Defence Cooperation

| Policy Field<br>Specific issue | Conclusion  | Follow-up action                                  |
|--------------------------------|---|---|
| General Orientations           | <u>14 December 2017</u><br>Further to its December 2016 and June 2017 conclusions, the<br>European Council reviewed progress achieved in the field of security<br>and defence, and: |   |
|                                | The European Council will return to these matters [security and defence] in June 2018.  | European Council conclusions of 28 June 2018.     |
|                                | <u>19-20 October 2017</u><br>Assess the progress achieved with regard to all aspects of the external security and defence agenda as set out in December 2016.                       |   |
|                                | The European Council recalls its June 2017 conclusions.   |   |
|                                | The European Council will revert to the issue [security and defence] in December 2017.  | European Council conclusions of 14 December 2017. |
|                                | <u>22-23 June 2017</u><br>The European Council reiterates its commitment to strengthening EU<br>cooperation on external security and defence so as to protect the                   |   |

| Policy Field<br>Specific issue | Conclusion   | Follow-up action  |
|--------------------------------|--|---|
|                                | Union and its citizens and contribute to peace and stability in its neighbourhood and beyond.  |   |
|                                | As reflected in the Council conclusions of 18 May and 19 June 2017, significant progress has been achieved in implementing the EU Global Strategy in the area of Security and Defence.   |   |
|                                | The European Council will come back to these issues [security and defence] at one of its next meetings.  | <u>European Council</u> conclusions of 19 October 2017. |
|                                | <u>9-10 March 2017</u><br>In this respect, the European Council welcomes the work done by the<br>Council on 6 March, which provides an extensive overview of where<br>we stand on all issues (CSDP crisis management structures, Permanent<br>Structured Cooperation, Coordinated Annual Review on Defence,<br>Developing Civilian Capabilities) and shows real progress in some key<br>areas. |   |
|                                | The European Council will revert to this issue [security and defence] in June 2017 and provide further strategic guidance.   | European Council conclusions of 22-23 June 2017.        |

| Policy Field<br>Specific issue | Conclusion  | Follow-up action  |
|--------------------------------|---|---|
|                                | <u>15 December 2016</u><br>The European Council endorses the Council conclusions of 14<br>November and 17 October 2016 on implementing the EU Global<br>Strategy in the area of Security and Defence which sets the level of<br>ambition of the EU. |   |
|                                | The European Council calls for the work on external security and<br>defence to be taken forward speedily and asks the Council to<br>report back in March [2017] so that the European Council can<br>review progress.                                | <u>Conclusions</u> by the President of the European<br>Council of 9 March 2017.<br><u>Foreign Affairs Council</u> conclusions of 6 March<br>2017.   |
|                                | The European Council will keep the issues related to security and<br>defence on the agenda, with a view to regularly assess progress<br>and determine, on that basis, appropriate strategic and political<br>priorities.                            | <ul> <li>European Council conclusions of 18 October<br/>2018.</li> <li>European Council conclusions of 28 June<br/>2018.</li> <li>European Council conclusions of 23 March<br/>2018.</li> <li>European Council conclusions of 14<br/>December 2017.</li> <li>European Council conclusions of 19 October<br/>2017.</li> <li>European Council conclusions of 22-23 June<br/>2017.</li> <li>Conclusions by the President of the European<br/>Council of 9 March 2017.</li> </ul> |

| Policy Field<br>Specific issue | Conclusion  | Follow-up action   |
|--------------------------------|---|--|
|                                | It calls for the comprehensive follow-up by the High<br>Representative and Member States [of the Council conclusions of<br>14 November and 17 October 2016 on implementing the EU | Foreign Affairs Council conclusions of 19-20<br>November 2018. |
|                                | Global Strategy in the area of Security and Defence].   | Foreign Affairs Council conclusions of 16 July 2018.           |
|                                |   | Foreign Affairs Council conclusions of 25 June 2018.           |
|                                |   | Foreign Affairs Council conclusions of 6 March 2018.           |
|                                |   | Foreign Affairs Council conclusions of 13<br>November 2017.    |
|                                |   | <u>Foreign Affairs Council</u> conclusions of 17 July 2017.    |
|                                |   | Foreign Affairs Council conclusions of 19 June 2017.           |
|                                |   | Foreign Affairs Council (Defence) conclusions of 18 May 2017.  |
|                                |   | Foreign Affairs Council conclusions of 6 March 2017.           |
|                                | la labo Europeon Courseill will provide further strategic guiden se in  | European Council conclusions of 22-23 June                     |
|                                | It [the European Council] will provide further strategic guidance in<br>June [2017].  | 2017.  |
|                                |   |  |
|                                |   |  |

| Policy Field<br>Specific issue | Conclusion  | Follow-up action  |
|--------------------------------|---|---|
|                                | <u>28 June 2016</u><br>The European Council welcomes the presentation of the Global<br>Strategy for the European Union's Foreign and Security Policy by the<br>High Representative. |   |
|                                | Invites the High Representative, the Commission and the Council to take the work forward [on the Global Strategy].  | Foreign Affairs Council conclusions of 19-20<br>November 2018.  |
|                                |   | <ul> <li><u>Regulation (EU) 2018/1092</u> of 18 July 2018 of the European Parliament and of the Council establishing the European Defence Industrial Development Programme aiming at supporting the competitiveness and innovation capacity of the Union's defence industry (Procedure: 2017/0125).</li> <li><u>Foreign Affairs Council</u> conclusions of 16 July 2018.</li> <li><u>Foreign Affairs Council</u> conclusions of 25 June 2018.</li> <li>Proposal for a <u>Regulation COM(2018) 476final</u> of 13 June 2018 the European Parliament and of the Council establishing the European Defence Fund (Procedure: 2018/0254(COD).</li> </ul> |
|                                |   | <u>Foreign Affairs Council</u> conclusions of 6 March<br>2018.<br><u>Foreign Affairs Council</u> conclusions of 13  |
|                                |   | November 2017.  |

| Policy Field<br>Specific issue | Conclusion  | Follow-up action  |
|--------------------------------|---|---|
|                                |   | <ul> <li>Foreign Affairs Council conclusions of 17 July 2017.</li> <li>Foreign Affairs Council conclusions of 19 June 2017.</li> <li>COM(2017)295 of 7 June 2017 on launching the European Defence Fund.</li> <li>Foreign Affairs Council (Defence) conclusions of 18 May 2017.</li> <li>Commission Decision C(2017)2262 final of 11 April 2017 on the financing of the 'Preparatory action on Defence research' and the use of unit costs for the year 2017.</li> <li>Foreign Affairs Council conclusions of 6 March 2017.</li> <li>COM(2016)0950 final of 30 November 2016 on a European Defence Action Plan.</li> <li>Foreign Affairs Council of 14-15 November 2016.</li> <li>Foreign Affairs Council conclusions of 17 June 2017.</li> </ul> |
|                                | <u>25-26 June 2015</u><br>c) in line with the European Council conclusions of December 2013<br>and the Council conclusions of 18 May 2015 |   |

| Policy Field<br>Specific issue | Conclusion  | Follow-up action   |
|--------------------------------|---|--|
|                                | further to [] the Council conclusions of 16 June 2015,  |  |
|                                | the High Representative will continue the process of strategic<br>reflection with a view to preparing an EU global strategy on foreign<br>and security policy in close cooperation with Member States, to be<br>submitted to the European Council by June 2016; |  |
|                                | The European Council recalls the need for:  |  |
|                                | <ul> <li>the Member States to allocate a sufficient level of expenditure for<br/>defence and the need to make the most effective use of the resources;</li> </ul>   |  |
|                                | The European Council will keep security and defence policy regularly on its agenda.   | <ul> <li>European Council conclusions of 18 October<br/>2018.</li> <li>European Council conclusions of 28 June<br/>2018.</li> <li>European Council conclusions of 14<br/>December 2017.</li> <li>European Council conclusions of 19 October<br/>2017.</li> <li>European Council conclusions of 22-23 June<br/>2017.</li> <li>Conclusions by the President of the European<br/>Council of 9 March 2017.</li> <li>European Council conclusions of 15<br/>December 2016.</li> </ul> |

| Policy Field<br>Specific issue                                       | Conclusion   | Follow-up action  |
|--|--|---|
|  |  | European Council conclusions of 28 June 2016.   |
| Effectiveness,<br>Visibility and Impact<br>of CSDP<br>Hybrid threats | <u>28-29 June 2018</u><br>Welcomes the Joint Communication on Europe's resilience to hybrid<br>and Chemical, Biological, Radiological and Nuclear-related threats.   |   |
|  | Asks the institutions and Member States to implement the<br>measures referred to in the Joint Communication, including the<br>work on attribution of cyber-attacks and the practical use of the<br>cyber diplomacy toolbox;  | Communication JOIN(2018)0016 final of 13<br>June 2018 of the European Parliament, the<br>European Council and the Council 'Increasing<br>resilience and bolstering capabilities to<br>address hybrid threats' (Procedure:<br>JOIN(2018)0016).<br>JOIN(2018)14 final of 13 June 2018 of the<br>European Parliament, the European Council<br>and the Council 'on implementation of the<br>Joint Framework on countering hybrid threats<br>from July 2017 to June 2018'. |
|  | 22 March 2018<br>The European Council invites the European Commission and the<br>High Representative to take this work [on Chemical, Biological,<br>Radiological and Nuclear-related risks] forward and report on<br>progress by the June [2018] European Council. | European Council conclusions of 28 June<br>2018.<br>Communication JOIN(2018)0016 final of 13<br>June 2018 of the European Parliament, the<br>European Council and the Council 'Increasing<br>resilience and bolstering capabilities to  |

| Policy Field<br>Specific issue | Conclusion   | Follow-up action  |
|--------------------------------|--|---|
|                                | <u>25-26 June 2015</u><br>The European Council recalls the need for:<br>- mobilising EU instruments to help counter hybrid threats;  | address hybrid threats' (Procedure:<br>JOIN(2018)0016).<br>JOIN(2018)14 final of 13 June 2018 of the<br>European Parliament, the European Council<br>and the Council 'on implementation of the<br>Joint Framework on countering hybrid threats<br>from July 2017 to June 2018'.<br>Foreign Affairs Council conclusions of 16 April<br>2018. |
| Financial mechanisms           | <u>14 December 2017</u><br>Expects the Council to complete the comprehensive revision of the<br>Athena mechanism for financing common costs of EU military<br>missions and operations; | Foreign Affairs Council conclusions of 19-20<br>November 2018.<br>Proposal HR(2018)94 of 13 June 2018 of the<br>High Representative of the Union for Foreign<br>Affairs and Security Policy, with the support of<br>the Commission, to the Council for a Council<br>Decision establishing a European Peace<br>Facility.                     |

| Policy Field<br>Specific issue | Conclusion   | Follow-up action   |
|--------------------------------|--|--|
|                                | <u>15 December 2016</u><br>The European Council looks forward to a comprehensive revision<br>of the Athena mechanism, by the end of 2017.  | <u>Speech</u> by High Representative for Foreign<br>Affairs and Security Policy, Federica<br>Mogherini, at the 'Building on vision, forward<br>to action: delivering on EU security and<br>defence' event, 13 December 2017. |
| EU-NATO cooperation            | <u>28-29 June 2018</u><br>Welcomes progress on military mobility in the framework of () EU-<br>NATO cooperation.   |  |
|                                | Calls for further deepening of EU-NATO cooperation, in full<br>respect of the principles of inclusiveness, reciprocity and decision-<br>making autonomy of the EU, including through a new Joint<br>Declaration, building on the progress made in implementing the<br>2016 Joint Declaration and the related proposals for action; | Joint Declaration of 10 July 2018 on EU-NATO cooperation.  |
|                                | <u>14 December 2017</u><br>Asks for work to proceed on implementing the full set of<br>proposals on EU-NATO cooperation, including the additional ones<br>agreed in December;  | <ul> <li>Foreign Affairs Council conclusions of 19-20<br/>November 2018.</li> <li>Foreign Affairs Council conclusions of 25 June 2018.</li> <li>Foreign Affairs Council conclusions of 6 March 2018.</li> </ul>              |

| Policy Field<br>Specific issue | Conclusion   | Follow-up action   |
|--------------------------------|--|--|
|                                | Invites the High Representative, the Commission and the Member<br>States to bring work forward on military mobility [] in the<br>context of EU-NATO cooperation;   | <u>Foreign Affairs Council</u> conclusions of 19-20<br>November 2018.  |
|                                |  | Foreign Affairs Council conclusions of 25 June 2018.   |
|                                |  | Communication JOIN(2018)0005 final of 28<br>March 2018 to the European Parliament and<br>the Council on the 'Action Plan on Military<br>Mobility' (Procedure: JOIN(2018)0005). |
|                                |  | Foreign Affairs Council conclusions of 6 March 2018.   |
|                                | <u>22-23 June 2017</u><br>As reflected in the Council conclusions of 18 May and 19 June 2017,<br>significant progress has been achieved in implementing [] the Joint<br>Declaration signed in Warsaw by EU and NATO leaders. |  |
|                                | <u>16 September 2016</u><br>b) start implementing the joint declaration with NATO<br>immediately.  | European Council conclusions of 15<br>December 2016.<br>Foreign Affairs Council of 14-15 November<br>2016.   |
|                                |  |  |

| Policy Field<br>Specific issue                          | Conclusion   | Follow-up action  |
|---|--|---|
|   | <u>28 June 2016</u><br>The President of the European Council and the President of the<br>European Commission will issue a declaration together with the<br>NATO Secretary General in Warsaw in July [2016].  | <u>Joint declaration</u> of 8 July 2016 on EU-NATO cooperation.   |
| EU rapid response<br>capabilities (EU Battle<br>groups) | <u>15 December 2016</u><br>In particular, further to the Council conclusions, the High<br>Representative will present proposals in the coming months as<br>regards [] the strengthening of the relevance, usability and<br>deployability of the EU's rapid response toolbox.                                     | <u>Foreign Affairs Council</u> conclusions of 19 June<br>2017.<br><u>Foreign Affairs Council (Defence)</u> conclusions<br>of 18 May 2017.<br><u>Foreign Affairs Council</u> conclusions of 6 March<br>2017. |
| Civilian CSDP Compact                                   | 28-29 June 2018<br>Welcomes the work undertaken to strengthen civilian CSDP.<br>and calls for an agreement on a civilian CSDP Compact by the<br>end of this year, thus providing a new EU framework for civilian<br>crisis management and CSDP missions, with ambitious<br>commitments at EU and national level. | <u>Foreign Affairs Council</u> conclusions of 19-20<br>November 2018.   |

| Policy Field<br>Specific issue                      | Conclusion  | Follow-up action  |
|---|---|---|
|   | <u>14 December 2017</u><br>Invites the High Representative [] to produce, in consultation<br>with the Member States and the Commission, a Civilian CSDP<br>Compact in 2018.   | <u>Foreign Affairs Council</u> conclusions of 19-20<br>November 2018.<br><u>Foreign Affairs Council</u> conclusions of 28 May<br>2018.  |
| Capacity Building in<br>Security and<br>Development | <u>14 December 2017</u><br>Requests that the Council adopt, in spring 2018, a<br>recommendation on a new dedicated instrument covering all<br>requirements for Capacity Building in support of Security and<br>Development after 2020;                                    | Proposal HR(2018)94 of 13 June 2018 of the<br>High Representative of the Union for Foreign<br>Affairs and Security Policy, with the support of<br>the Commission, to the Council for a Council<br>Decision establishing a European Peace<br>Facility. |
|   | <u>15 December 2016</u><br>In particular, further to the Council conclusions, the High<br>Representative will present proposals in the coming months as<br>regards [] the covering of all requirements under the Capacity<br>Building in Security and Development (CBSD). | Foreign Affairs Council conclusions of 6 March 2017.  |
|   | In this context, the European Council calls on the co-legislators to<br>work speedily on the Commission proposal on CBSD with a view to<br>reaching agreement in the first half of 2017.  | Regulation (EU) 2017/2305 of 12 December<br>2017 of the European Parliament and of the<br>Council amending Regulation (EU) No<br>230/2014 establishing an instrument<br>contributing to stability and peace<br>(Procedure: 2016/0207(COD).            |

| Policy Field<br>Specific issue | Conclusion  | Follow-up action   |
|--------------------------------|---|--|
| CSDP Operations                | <u>28-29 June 2018</u><br>It recalls that military and civilian aspects need to be addressed in a comprehensive manner with a focus on concrete deliverables; |  |
|                                | <u>14 December 2017</u><br>Invites the High Representative to report in June 2018 on the work<br>undertaken to strengthen civilian CSDP;                      | European Council conclusions of 28 June<br>2018.<br>Foreign Affairs Council conclusions of 25 June<br>2018.<br>Foreign Affairs Council conclusions of 28 May<br>2018.                                    |
|                                | 22-23 June 2017<br>It also urges the Council to speed up its work on greater<br>responsiveness of the civilian crisis management.                             | <u>Foreign Affairs Council</u> conclusions of 19-20<br>November 2018.<br><u>Foreign Affairs Council</u> conclusions of 25 June<br>2018.<br><u>Foreign Affairs Council</u> conclusions of 28 May<br>2018. |
|                                | <u>16 September 2016</u><br>a) December [2016] European Council to decide on a concrete<br>implementation plan on security and defence                        | <u>European Council</u> conclusions of 15<br>December 2016.<br><u>Foreign Affairs Council</u> conclusions of 14-15<br>November 2016.   |

| Policy Field<br>Specific issue                                   | Conclusion  | Follow-up action   |
|--|---|--|
|  |   | Implementation Plan on Security and Defence<br>of 14 November 2016.  |
|  | <u>15 December 2016</u><br>In particular, further to the Council conclusions, the High<br>Representative will present proposals in the coming months as<br>regards [] the establishment of a permanent operational<br>planning and conduct capability at the strategic level. | Council decision (CFSP) 2017/264 of 30 May<br>2017 determining the planning and conduct<br>arrangements for EU non-executive military<br>CSDP missions and amending Decisions<br>2010/96/CFSP on a European Union mission<br>to contribute to the training of Somali security<br>forces, 2013/34/CFSP on a European Union<br>military mission to contribute to the training<br>of the Malian armed forces (EUTM Mali) and<br>(CFSP) 2016/610 on a European Union CSDP<br>military training mission in the Central African<br>Republic (EUTM RCA).<br>Foreign Affairs Council conclusions of 6 March<br>2017. |
| Development of a<br>European<br>Technological<br>Industrial Base | <u>19-20 October 2017</u><br>It encourages the EIB to examine further steps with a view to<br>supporting investments in defence research and development<br>activities.   |  |

| Policy Field<br>Specific issue                          | Conclusion  | Follow-up action  |
|---|---|---|
|   | <u>22-23 June 2017</u><br>In this respect, the European Council recalls its invitation to the<br>European Investment Bank to examine steps with a view to supporting<br>investments in defence research and development activities.                       |   |
|   | <u>15 December 2016</u><br>The EIB is invited to examine steps with a view to supporting<br>investments in defence research and development activities.   | The EIB Group <u>Operating Framework and</u><br><u>Operational Plan</u> 2018.   |
|   | 25-26 June 2015<br>The European Council recalls the need for:<br>- the EU budget to ensure appropriate funding for the preparatory<br>action on CSDP related research, paving the way for a possible future<br>defence research and technology programme; |   |
| European Defence<br>industrial Development<br>Programme | <u>14 December 2017</u><br>Calls for [] the swift adoption in 2018 of the European Defence<br>Industrial Development Programme, in time to finance the first<br>capability projects in 2019;  | Regulation (EU) 2018/1092 of 18 July 2018 of<br>the European Parliament and of the Council<br>establishing the European Defence Industrial<br>Development Programme aiming at<br>supporting the competitiveness and<br>innovation capacity of the Union's defence<br>industry (Procedure: 2017/0125). |

| Policy Field<br>Specific issue | Conclusion  | Follow-up action  |
|--------------------------------|---|---|
|                                | <u>19-20 October 2017</u><br>It calls for an agreement within the Council by the end of the year<br>(on EDIDP)  | <u>General Affairs Council</u> conclusions of 12<br>December 2017.  |
|                                | The European Council welcomes the work done so far by the co-<br>legislators on the Commission's proposal for a European Defence<br>Industrial Development Programme (EDIDP).   |   |
|                                | with a view to concluding negotiations with the European<br>Parliament (on the EDIDP) as soon as possible   | Regulation (EU) 2018/1092 of 18 July 2018 of<br>the European Parliament and of the Council<br>establishing the European Defence Industrial<br>Development Programme aiming at<br>supporting the competitiveness and<br>innovation capacity of the Union's defence<br>industry (Procedure: 2017/0125). |
|                                | 22-23 June 2017<br>It calls for rapid agreement on the proposal for a European<br>Defence Industrial Development Programme with a view to its<br>swift implementation, before more comprehensive programmes<br>can be envisaged in the medium term. | Coreper letter of 7 June 2018 confirming<br>interinstitutional agreement.<br>Decision to enter into interinstitutional<br>negotiations confirmed by the European<br>Parliament (Rule 69c).  |

| Policy Field<br>Specific issue | Conclusion  | Follow-up action  |
|--------------------------------|---|---|
| European Defence Fund          | 28-29 June 2018<br>Calls [] for further progress on the European Defence Fund both<br>in its research and capability windows. | <ul> <li>Foreign Affairs Council conclusions of 19-20<br/>November 2018.</li> <li>Regulation (EU) 2018/1092 of 18 July 2018 of<br/>the European Parliament and of the Council<br/>establishing the European Defence Industrial<br/>Development Programme aiming at<br/>supporting the competitiveness and<br/>innovation capacity of the Union's defence<br/>industry (Procedure: 2017/0125).</li> <li>Proposal COM(2018)0476 final of 13 June<br/>2018 for a regulation of the European<br/>Parliament and of the Council establishing the<br/>European Defence Fund (Procedure:<br/>2018/0254(COD)).</li> </ul> |
|                                | <u>14 December 2017</u><br>Calls for further work on the European Defence Fund  | <ul> <li><u>Regulation (EU) 2018/1092</u> of 18 July 2018 of the European Parliament and of the Council establishing the European Defence Industrial Development Programme aiming at supporting the competitiveness and innovation capacity of the Union's defence industry (Procedure: 2017/0125).</li> <li><u>Proposal COM(2018)0476 final</u> of 13 June 2018 for a regulation of the European Parliament and of the Council establishing the European Defence Fund (Procedure: 2018/0254(COD)).</li> </ul>  |

| Policy Field<br>Specific issue                                 | Conclusion  | Follow-up action  |
|--|---|---|
|  | <u>22-23 June 2017</u><br>The European Council welcomes the Commission's communication on<br>a European Defence Fund, composed of a research window and a<br>capability window,   |   |
|  | <u>15 December 2016</u><br>The Commission is also invited to make proposals in the first<br>semester of 2017 for the establishment of a European Defence<br>Fund including a window on the joint development of capabilities<br>commonly agreed by the Member States. | <u>COM(2017)0295</u> of 7 June 2017 on launching the European Defence Fund.   |
| EU wide Security of<br>Supply (defence goods<br>and services)* | <u>15 December 2016</u><br>The European Council welcomes the Commission's proposals on the<br>European Defence Action Plan as its contribution to developing<br>European security and defence policy, stressing the importance of fully<br>involving Member States.   |   |
|  | The Council is invited to rapidly examine the related Commission proposals [on EDAP].   | Foreign Affairs Council conclusions of 6 March 2017.  |
|  | Calls on all relevant actors to take work forward [on EDAP].  | Regulation (EU) 2018/1092 of 18 July 2018 of<br>the European Parliament and of the Council<br>establishing the European Defence Industrial<br>Development Programme aiming at<br>supporting the competitiveness and |

| Policy Field<br>Specific issue  | Conclusion  | Follow-up action   |
|---|---|--|
|   |   | innovation capacity of the Union's defence<br>industry (Procedure: 2017/0125).<br><u>Proposal COM(2018)0476 final</u> of 13 June<br>2018 for a regulation of the European<br>Parliament and of the Council establishing the<br>European Defence Fund (Procedure:<br>2018/0254(COD)). |
| Development of<br>Capabilities<br>Permanent Structured<br>Cooperation (PESCO) | 28-29 June 2018<br>Calls for the fulfilment of the PESCO commitments and the further<br>development of the initial projects and the institutional<br>framework, in a way that is fully consistent with the Coordinated<br>Annual Review on Defence and the revised Capability<br>Development Plan adopted within the European Defence Agency. | <u>Foreign Affairs Council</u> conclusions of 19-20<br>November 2018.<br><u>Foreign Affairs Council</u> conclusions of 15<br>October 2018.   |
|   | It invites the Council to decide on the conditions for third State participation in PESCO projects;   | Foreign Affairs Council conclusions of 19-20<br>November 2018.   |
|   | Welcomes progress on military mobility in the framework of PESCO.   |  |
|   | These efforts, which should fully respect the sovereignty of the<br>Member States, be mutually reinforcing and follow a whole-of-   |  |

| Policy Field<br>Specific issue | Conclusion   | Follow-up action   |
|--------------------------------|--|--|
|                                | government approach, will be reviewed yearly on the basis of a<br>report by the Commission and the High Representative, starting in<br>spring 2019;  |  |
|                                | <u>14 December 2017</u><br>welcomes the establishment of ambitious and inclusive permanent<br>structured cooperation (PESCO)   |  |
|                                | Invites the High Representative, the Commission and the Member<br>States to bring work forward on military mobility [] in PESCO;   | <u>Foreign Affairs Council</u> conclusions of 19-20<br>November 2018.<br><u>Foreign Affairs Council</u> conclusions of 15<br>October 2018.<br><u>Foreign Affairs Council</u> conclusions of 25 June<br>2018. |
|                                |  | <u>Foreign Affairs Council</u> conclusions of 6 March 2018.  |
|                                | <u>19-20 October 2017</u><br>It welcomes the significant progress made by Member States in<br>preparing a Permanent Structured Cooperation (PESCO) notification<br>with a common list of commitments, and on PESCO governance. |  |

| Policy Field<br>Specific issue | Conclusion   | Follow-up action  |
|--------------------------------|--|---|
|                                | It encourages those Member States in a position to do so to swiftly<br>notify the Council and the High Representative of their intentions<br>to participate in PESCO.  | Notification of 13 November 2017 on<br>Permanent Structured Cooperation (PESCO)<br>to the Council and to the High Representative<br>of the Union for Foreign Affairs and Security<br>Policy.  |
|                                | 22-23 June 2017<br>A common list of criteria and binding commitments, fully in line<br>with Articles 42(6) and 46 TEU and Protocol 10 to the Treaty -<br>including with a view to the most demanding missions - will be<br>drawn up by Member States within three months, with a precise<br>timetable and specific assessment mechanisms, in order to enable<br>Member States which are in a position to do so to notify their<br>intentions to participate without delay. | Notification of 13 November 2017 on<br>Permanent Structured Cooperation (PESCO)<br>to the Council and to the High Representative<br>of the Union for Foreign Affairs and Security<br>Policy.  |
|                                | <u>15 December 2016</u><br>In particular, further to the Council conclusions, the High<br>Representative will present proposals in the coming months as<br>regards [] elements and options for an inclusive Permanent<br>Structured Cooperation based on a modular approach and<br>outlining possible projects.  | <ul> <li>Foreign Affairs Council conclusions of 13<br/>November 2017.</li> <li>Foreign Affairs Council conclusions of 17 July 2017.</li> <li>Foreign Affairs Council conclusions of 19 June 2017.</li> <li>Foreign Affairs Council (Defence) conclusions of 18 May 2017.</li> <li>Foreign Affairs Council conclusions of 6 March 2017.</li> </ul> |

| Policy Field<br>Specific issue          | Conclusion   | Follow-up action  |
|---|--|---|
| Coordinated Annual<br>Review on Defence | <u>19-20 October 2017</u><br>It welcomes the launch of the trial run of the Coordinated Annual<br>Review on Defence (CARD) which should contribute to spur enhanced<br>defence cooperation among Member States.  |   |
|   | <u>15 December 2016</u><br>In particular, further to the Council conclusions, the High<br>Representative will present proposals in the coming months as<br>regards [] the parameters of a Member State-driven Coordinated<br>Annual Review on Defence.                     | Foreign Affairs Council conclusions of 19 June 2017.  |
| Civilian Capability<br>Development Plan | <u>15 December 2016</u><br>In particular, further to the Council conclusions, the High<br>Representative will present proposals in the coming months as<br>regards the development of civilian capabilities.   | <ul> <li>Foreign Affairs Council conclusions of 19 June 2017.</li> <li>Foreign Affairs Council (Defence) conclusions of 18 May 2017.</li> <li>Foreign Affairs Council conclusions of 6 March 2017.</li> </ul> |
|   | In particular, further to the Council conclusions, the High<br>Representative will present proposals in the coming months as<br>regards [] the process of developing military capabilities taking<br>into account Research and Technology (R&T) and industrial<br>aspects. | <u>Foreign Affairs Council</u> conclusions of 19 June<br>2017.<br><u>Foreign Affairs Council (Defence)</u> conclusions<br>of 18 May 2017.<br><u>Foreign Affairs Council</u> conclusions of 6 March<br>2017.   |

| Policy Field<br>Specific issue | Conclusion  | Follow-up action                                     |
|--------------------------------|---|--|
|                                | <u>16 September 2016</u><br>a) December [2016] European Council to decide [] on how to<br>make better use of the options in the Treaties, especially as<br>regards capabilities | European Council conclusions of 15<br>December 2016. |

# 7. International trade

### A. Background

International trade is not a topic frequently discussed at European Council level. Commercial policy is an exclusive competence of the Union, and trade negotiations fall within the remit of the European Commission, on the basis of a mandate from the Council of the EU. Since 2016, however, international trade has had a higher profile on the European Council agenda; this is linked with changes in the global trading landscape and with a rise in protectionist trade measures having spill over effects on EU trade policy. Moreover, in recent years, EU trade policy has been marked by increasing scrutiny by EU citizens over its scope and legitimacy rendering the conclusion of some trade agreements difficult; this was notably the case for the Comprehensive Economic and Trade Agreement with Canada (CETA) and the Transatlantic Trade and Investment Partnership (TTIP) with the US.

The political reflection process on the future of the EU following the United Kingdom's (UK) decision to leave the Union, has prompted EU leaders to prioritise issues that are important for EU citizens, which include <u>trade</u>. Starting at the September 2016 Bratislava summit and throughout 2017, discussions focused on the contribution that trade can make to economic growth but also on the current challenges faced by the EU in a fast changing global environment. Therefore, EU leaders discussed ways of protecting EU industries and citizens against unfair trade practices, for instance, by paving the way to improving the EU's trade defence instruments.

Growing trade tensions over recent US tariffs on steel and aluminium and the US blockage of judge nominations in the World Trade Organization (WTO) Appellate Body have opened up a much wider debate over the future of the multilateral trading system and the role of WTO. Following the EU leaders' summit in Sofia in May 2018, where trade relations with the US were also discussed, dialogue with the US intensified throughout the year. In July 2018, Commission President Jean-Claude Juncker and US President Donald Trump reached a joint agreement, committing to dialogue on removing tariff and non-tariff barriers to trade in several areas and the potential launch of negotiations on a trade agreement on industrial goods. Discussions with the UK over its future trade relationship with the EU, although not formally launched yet, are also likely to feature high on the European Council agenda in 2019.

### B. Legal basis for European Council action in international trade

- Article 22(1) TEU: On the basis of the principles and objectives set out in Article 21 TEU, the European Council shall identify the strategic interests and objectives of the Union. Decisions of the European Council on the strategic interests and objectives of the Union shall relate to the common foreign and security policy and to other areas of the external action of the Union. Such decisions may concern the relations of the Union with a specific country or region or may be thematic in approach [...].
- Article 216(1) TFEU: The Union may conclude an agreement with one or more third countries or international organisations where the Treaties so provide or where the conclusion of an agreement is necessary in order to achieve, within the framework of the Union's policies, one of the objectives referred to in the Treaties, or is provided for in a legally binding Union act or is likely to affect common rules or alter their scope.
- Article 16(6) TEU: The Foreign Affairs Council shall elaborate the Union's external action on the basis of strategic guidelines laid down by the European Council and ensure that the Union's action is consistent.

## C. Strategic orientations

#### Future of Europe debate: discussing the way forward with 27 Member States

In his invitation letter to the 2016 September Bratislava summit, European Council President Donald Tusk emphasised that, while free trade and global competition are in the interest of Europeans, they equally pose significant and unprecedented challenges. While openness to global trade has been an engine of economic growth in the EU, benefiting businesses and citizens alike, these benefits are not always <u>evenly distributed</u> among regions and their people.

Moreover, the completion of trade negotiations with Canada in 2014 and the start of talks with the US in 2013 brought the issue of investor-to-state dispute settlement (ISDS)<sup>1</sup> to public attention. Large public protests against TTIP and CETA took place across Europe, with people fearing that these comprehensive trade agreements were being concluded against their interests, and that ISDS mechanisms, in particular, favoured investors' interests to the detriment of the ability of states to regulate in the public interest. Over time, these issues have led to increasing opposition to trade agreements from citizens who feel that these agreements are not concluded with their interest in mind. Against this backdrop, at the Bratislava summit, EU leaders committed to work together towards a 'robust trade policy that reaps the benefits of open markets while taking into account concerns of citizens'.

#### > Towards a robust trade policy, protecting the EU's trade interests

The October 2016 European Council prioritised areas where action was most needed to promote a 'robust' trade policy and protect the EU's trade interests. EU leaders focused on two issues, notably on <u>trade defence instruments</u> and on the conclusion of CETA. More effort was needed at EU level to build a consensus on these issues and it was up to the European Council to facilitate agreement among Member States. The summit sent a strong message that the EU was committed to 'open markets for growth and job creation', but the EU was not a 'naive free trader' and would defend itself against unfair trade practices.

Although the October 2016 summit was overshadowed by <u>difficulties over the signature of CETA</u> after seven years of negotiations, European Council President Tusk underlined that EU trade interests included '*defending and promoting the social, environmental and consumer standards* [...] *central to the European way of life, as well as the right of governments to regulate*'. '*If we are not able to convince people that trade agreements are in their interest, if we are not able to convince them that our representatives negotiate FTAs to protect people's interests, then we will have no chance to build public support for free trade'* he stated ahead of the October 2016 meeting. One year later, the <u>Leaders'</u> Agenda, a work programme to cover the period until June 2019, placed trade issues high on the institution's agenda, including trade defence, free trade agreements, and the screening of investments. It also planned for a discussion at the end 2018 on the future of trade policy and on the role of the EU in the multilateral trade system.

<sup>&</sup>lt;sup>1</sup> ISDS mechanisms allow investors to bring a claim against the states in which their investments have been made. Opponents to ISDS mechanisms argue that, among another issues, these mechanisms allow foreign investors the possibility to <u>challenge</u> national regulations that have a potential impact on their investments, e.g. public health or environment regulations. Against this background, in March 2018, the Council adopted negotiating directives for a <u>Multilateral Investment Court</u> (MIC), a permanent institution that would replace the bilateral investment court systems in trade and investment agreements negotiated by the EU.

#### D. Noteworthy commitments: specific requests and follow-up

#### D. 1. Trade negotiations with key partners

In recent years, the European Council has called for the conclusion and ratification of trade agreements with Japan, Singapore, Vietnam and Canada. It also welcomed the opening of negotiations with new partners, Australia and New Zealand, and encouraged progress on negotiations with key partners, including Mexico and Mercosur (Argentina, Brazil, Paraguay, and Uruguay). The conclusion of some of these agreements has been particularly difficult.

- CETA: In late 2016, the deadlock over the signature of CETA brought into the limelight issues that required a political response at the highest level. The trade negotiations with Canada broke down in 2016 in the midst of objections to the signature of the agreement raised by Belgium's Walloon and Brussels regions, in particular with regard to the investment protection commitments taken up by CETA. Following the failure to break the deadlock at the October 2016 European Council meeting, President Tusk pointedly stressed that citizens' concerns needed to be addressed and that 'The debate in Belgium and Wallonia's resistance do not result from the belief that the competences of EU institutions regarding trade policy are too limited' but rather that states and national parliaments would prefer 'to have a bigger influence on the course of things, not smaller.' The agreement was finally signed on 30 October 2016 but only after the inclusion of a joint interpretative instrument on those issues that had been the subject of public debate and concerns.<sup>2</sup> Additional reservations by Member States were included to ensure the protection of public services.
- EU-Singapore FTA: On 16 May 2017, the Court of Justice of the European Union (CJEU) concluded that the EU-Singapore FTA could not be ratified by the EU acting alone, as the provisions relating to non-direct foreign investment and to dispute settlement between investors and states fell under Member States' competences while only foreign direct investment was an EU exclusive competence.<sup>3</sup> As a result, the FTA was split in two, into a trade agreement and an investment agreement. The Council adopted the decision to sign and conclude the agreements on 15 October 2018.
- Trade negotiations with the US: The launch of trade negotiations with the US was welcomed by European Council in March 2013 and EU leaders were in favour of concluding them before the end of 2015. However, TTIP triggered broad public criticism on both sides of the Atlantic. On the EU side, resistance to investment protection provisions as well as to provisions in sensitive sectors (agriculture and public procurement) led to a stalemate in the negotiations. In addition, following the election of US President Donald Trump in 2016, whose administration expressed the wish to assess the TTIP framework, talks were formally put on hold. Measures taken by the current US administration have signalled a shift towards a more protectionist trade agenda, ranging from US tariffs on steel and aluminium imports to possible

<sup>&</sup>lt;sup>2</sup> In addition to the <u>current</u> approach of moving away from ISDS towards an Investment Court System (ICS) in bilateral agreements, such as the one in CETA, talks are ongoing under the auspices of the United Nations Commission on International Trade Law to establish a <u>MIC</u>. The European Council briefly mentioned the opening of the negotiations on the court when reporting on the <u>implementation</u> of the Bratislava roadmap objectives. The ICS, now included in several trade agreements, will be faced with an important test in 2019, when the CJEU is expected to issue its opinion on the <u>compatibility</u> of the court with EU Treaties.

<sup>&</sup>lt;sup>3</sup> Following the European Court of Justice <u>Opinion 2/15</u> of 16 May 2017, the Commission has decided to split the text of trade agreements in two, an FTA including only exclusive EU competences, which can be ratified by the EU alone, and a separate Investment Protection Agreement to be ratified both by the EU and Member States. This has been the case so far for trade agreements concluded with Vietnam, Singapore, and Canada.

tariffs on automotive imports.<sup>4</sup> Nevertheless, prospects of a revival of negotiations on a trade agreement with the US, albeit limited in scope so far, have resurfaced recently.

Following the imposition of US tariffs on EU steel and aluminium imports on 22 March 2018, unsuccessful attempts were made to obtain a permanent exemption. Despite obtaining a <u>temporary</u> exemption until 1 May 2018, EU leaders <u>underlined</u> that the tariffs could not be justified on the grounds of national security as alleged by the US under <u>Section 232</u> of the 1962 Trade Expansion Act. Therefore, the European Council called for the exemption to be made permanent, and supported the <u>measures</u> proposed by the Commission in response to US actions. Despite the tense situation, President Tusk has underlined the <u>importance of transatlantic relations</u> as a cornerstone of security and prosperity for both the US and the EU, and has <u>called</u> for greater cooperation on lifting barriers and tariffs.

On the margins of the Western Balkans summit in May 2018 (Sofia summit), in an effort to engage in dialogue, EU leaders <u>agreed</u> to start talks with the US <u>in four areas</u>, provided that the EU were granted a permanent exemption to the tariffs.<sup>5</sup> After the summit, the European Commission <u>stressed</u> that the EU was open to discuss market access issues with the US but <u>would not be</u> <u>negotiating</u> under threat. Following the July 2018 meeting, between Commission President Juncker and US President Trump, a joint working group was set up to take forward work on the basis of the objectives agreed in Sofia.<sup>6</sup> In early November 2018, EU Trade Commissioner Cecilia Malmström <u>informed EU trade ministers</u> of progress made in talks with the US on regulatory cooperation in areas such as pharmaceuticals, medical devices, and also on cybersecurity. No visible progress has yet been made on securing a permanent exemption from US steel and aluminium tariffs, although the July joint <u>statement</u> showed a willingness to resolve the issue.

In parallel to the dialogue on regulatory cooperation, the EU and the US have now both signalled their readiness to negotiate a trade agreement, with Commissioner Malmström <u>indicating</u> in early October that a future agreement would focus on industrial goods only. On 16 October 2018, <u>formal notification</u> was sent to Congress indicating the US Administration's intention to start negotiations, thereby launching a 90-day consultation period. On the EU side, discussions are ongoing in the Council on a mandate for opening negotiations with the US, with the aim of <u>reaching</u> an agreement early next year. At the November 2018 Foreign Affairs (Trade) Council, EU trade ministers <u>agreed</u> that the mandate would be drafted on the basis of the July 2018 meeting outcome.

# D.2. Addressing unfair trade practices: trade defence instruments and the screening of foreign investments

The Bratislava summit's broad objective of working towards a 'robust trade policy' is best illustrated in the <u>words</u> of President Tusk, as striking a fine 'balance between openness and protection', in other words '(...) to protect our free trade agenda at home, we must prove that we can defend Europe against those who want to abuse our openness'. This approach is reflected in the Commission communications on <u>Trade for All</u> (2015) and <u>Harnessing Globalisation</u> (2017). <u>Analysts</u> note that while the former focuses on pursuing a value-based strategy where trade benefits all, including workers in third countries, the latter maintains these same <u>core principles</u> but places a stronger

<sup>&</sup>lt;sup>4</sup> On 23 May 2018, the US Department of Commerce started a <u>Section 232 investigation</u> into US imports of cars and car parts. President Trump has previously expressed his intention to impose tariffs on car imports from the EU.

<sup>&</sup>lt;sup>5</sup> Peter Ludlow, <u>briefing note 2018/3</u> of 4 June 2018.

<sup>&</sup>lt;sup>6</sup> They include liberalising tariffs on industrial goods; strengthening cooperation on energy; reducing barriers and increasing trade in services, chemicals, pharmaceuticals, medical products and soybeans; reforming the WTO and addressing unfair trading practices, including intellectual property theft, forced technology transfer, industrial subsidies, distortions created by state owned enterprises, and overcapacity.

emphasis on shielding European producers and workers from the negative effects of globalisation. Indeed, as trade in goods and services has become increasingly interconnected, European industries are facing increased competition and potential exposure to unfair trade practices from third countries. Although in a majority of EU Member States, citizens consider globalisation to represent a good opportunity for their companies, globalisation is also seen as a threat and source of social inequality.

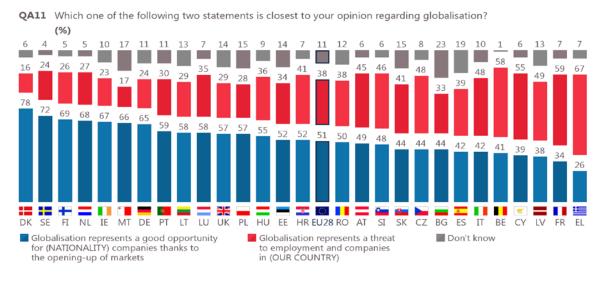


Figure 1 – Eurobarometer survey question on the impact of globalisation

#### Source: Special Eurobarometer 461.

In this context, two issues have gained visibility on the European Council agenda since 2016: the difficult situation of the EU steel industry and concerns over <u>acquisitions</u> of certain European companies by foreign investors.

- Anti-dumping and anti-subsidies duties: Given large increases in steel imports to the EU, at prices lower than the 'normal value',<sup>7</sup> in March 2016 EU leaders called for action to remedy the situation through the adoption of modernised trade defence instruments. Trade defence instruments, such as anti-dumping and anti-subsidy duties, allow countries to take action against 'dumped' imports that can cause injury to domestic industry. Since then, the European Council has monitored progress made on the modernisation of trade defence instruments, as well as on the adoption of a new anti-dumping methodology, which entered into force in December 2017 and June 2018.
- Screening of foreign direct investment: The European Council addressed Member States' concerns regarding foreign direct investments by non-EU investors at its June 2017 meeting. In October 2017, EU leaders returned to the issue and called on the Commission and the Council to 'deepen and take forward the debate (...) to enhance reciprocity in (...) investment'. As also outlined by the European Parliament, although foreign investments are beneficial for EU's economy, there can be instances where allowing certain investments could bear a risk for the Union's and Member States' security. As there is no EU-wide mechanism in place to screen investments into the EU, and not all Member States have screening mechanisms, in September

<sup>&</sup>lt;sup>7</sup> Companies are considered to be dumping when they export products to the EU at prices lower than the normal value of the product sold on their own domestic markets.

2017, the Commission proposed setting up a European framework<sup>8</sup> for screening foreign direct investment into the EU on grounds of security or public order. In March 2018, EU leaders endorsed the Commission initiative, and called for the adoption of legislation as soon as possible.

#### D.3. Reforming of the World Trade Organisation

Over the years the European Council has regularly expressed the EU's commitment to preserving the multilateral trading system, as embodied by the World Trade Organisation, the world's main forum for negotiating trade rules and settling trade disputes. Since the beginning of the latest round of WTO trade negotiations in 2001 (the <u>Doha round</u>), limited progress has been achieved; among the <u>reasons</u> for the stalemate are, notably, the <u>functioning</u> of the institution and its <u>inability</u> to fully address unfair trade practices of some of its members. Although the December 2017 WTO Ministerial Conference produced some good <u>outcomes</u>, its members did not manage to come to an agreement on the <u>future</u> of the Doha Round or on the multilateral work programme. Most recently, the US has expressed <u>criticism</u> with regard to the WTO dispute settlement system, in particular, by <u>blocking</u> the nomination of judges in the <u>WTO Appellate Body</u>, the body responsible for hearing appeals. At the same time, recent US tariffs on steel and aluminium have been criticised by <u>some</u> WTO members and several of them, including the EU, are launching <u>formal complaints</u> against the tariffs.

Against this background, in an effort to revitalise cooperation in the multilateral framework, the June 2018 European Council invited the Commission to propose a <u>comprehensive approach</u> to improving the functioning of the WTO in crucial areas, together with like-minded partners. The identified areas include: (i) more flexible negotiations, (ii) new rules addressing current challenges, e.g. industrial subsidies, (iii) the reduction of trade costs, (iv) a new approach to development, (v) a more effective and transparent dispute settlement and (vi) and the strengthening of the WTO as an institution, including in its transparency and surveillance function.

On 18 September 2018, the Commission published a <u>concept paper</u> outlining ways to modernise the WTO in three areas, rulemaking, monitoring and dispute settlement. At the same time a number of initiatives are being pursued by the EU in different configurations. These include <u>trilateral</u> <u>meetings</u> held with the US and Japan to <u>discuss</u> common challenges, including subsidies, stateowned enterprises and forced technology transfers. At the end of October 2018, the <u>outcome</u> of a ministerial meeting bringing together 13 WTO members, including the EU, broadly <u>reflected</u> the proposals made by the EU in its September 2018 concept paper. The EU is now currently <u>working</u> on finalising <u>concrete</u> proposals in the three areas.

#### E. Challenges ahead and outlook

The European Council reacted firmly to the imposition of US tariffs on EU imports and endorsed <u>measures</u> taken by the Commission in this regard. However, the ability of the European Council to act on this issue remains limited. Following the positive outcome of the July 2018 meeting between Commission President Juncker and US President Trump, the latter <u>agreed</u> that tariffs on automotive imports into the US would not be applied to the EU as long as preparatory discussions on a trade deal were ongoing. The scope of the future agreement remains unclear however, and so far on the EU side, <u>industrial goods</u> have been put forward as a starting point for negotiations. Concerns have

<sup>&</sup>lt;sup>8</sup> This cooperation mechanism seeks to enhance the coordination of Member States' foreign direct investment screening decisions and to increase the awareness of Member States and the Commission about planned or completed decisions that may affect security or public order.

already been raised in some Member States over the inclusion of <u>agricultural products</u> in future negotiations. The biggest challenge now is to obtain a mandate from the Council to open negotiations, given past experiences with TTIP and given that some Member States have voiced <u>reservations</u> at negotiating 'under threat'. It is still too early to draw any conclusions at this stage.

Regarding the legislative proposal on screening foreign direct investment, the aim is to <u>reach an</u> <u>agreement</u> before the end of 2018. While some Member States have expressed <u>reservations</u> over setting up an EU-wide mechanism, EU Trade Commissioner Malmstrom stressed that the aim is solely to improve communication between the EU and Member States, with the latter retaining decision-making power over foreign investment flows.

The WTO dispute settlement system is currently under threat of collapse with only three judges left to settle disputes among WTO members, undermining the WTO system as a whole. Given the WTO membership of 164 and the differing interests among developed and developing countries, the way forward will necessitate both building convergence on key issues with like-minded partners but also bringing US and China closer together on a common agenda. What is needed now '*is more political unity and determination*' and as European Council President Tusk <u>emphasised</u> '*in order to be the subject and not the object of global politics, Europe must be united economically, politically and also militarily like never before. To put it simply: either we are together, or we will not be at all'.* The Leaders' Agenda had scheduled a discussion in October 2018 on the role of the EU in the multilateral trade system and on the future of trade policy and, as this did not occur, EU leaders will probably return to these topics in due course.

# 7.1. Free trade agreements

| Policy field<br>Specific issue   | Conclusion   | Follow-up action  |
|--|--|---|
| General Orientations   | 22 March 2018<br>The Commission will examine how to strengthen the enforcement<br>of commitments undertaken by third countries.  | On 5 October 2018, the High<br>Representative/Vice President of the<br>Commission Federica Mogherini and EU Trade<br>Commissioner Cecilia Malmström <u>notified</u><br>Cambodia that the EU had launched the<br>process for the withdrawal of their trade<br>preferences under Everything But Arms.<br><u>Answer</u> to European Parliament question<br>from European Commission on the<br>implementation of trade and sustainable<br>development chapters in EU trade<br>agreements. |
| Transatlantic Trade and<br>Investment Partnership<br>Agreement (TTIP)<br>Finalise negotiations end<br>2015 | <u>20-21 October 2016</u><br>It also invites the Commission to continue the negotiations with<br>the US authorities to be able to present an ambitious, balanced<br>and comprehensive free trade agreement.  | 2017 State of the Union brochure: talks on TTIP have now effectively stopped.   |
|  | <u>17-18 December 2015</u><br>It urges all sides to redouble their efforts with a view to<br>concluding an ambitious, comprehensive and mutually beneficial<br>agreement as soon as possible with a view to harnessing the full<br>potential of the transatlantic economy. | <u>US-EU Joint Report</u> of 17 January 2017 on TTIP<br>progress.<br><u>Foreign Affairs Council</u> of 11 November 2016<br>adopted conclusions on EU-US trade and<br>investment negotiations.   |

| Policy field<br>Specific issue | Conclusion   | Follow-up action   |
|--------------------------------|--|--|
|                                | 19-20 March 2015<br>The EU and the US should make every effort to conclude<br>negotiations on an ambitious, comprehensive and mutually<br>beneficial agreement by the end of the year. | <text><text><text><text><text><text><text><text></text></text></text></text></text></text></text></text> |

| Policy field<br>Specific issue  | Conclusion  | Follow-up action  |
|---|---|---|
|   | 18 December 2014<br>The EU and the US should make all efforts to conclude<br>negotiations on an ambitious, comprehensive and mutually<br>beneficial TTIP by the end of 2015.  | <ul> <li><u>US-EU Joint Report</u> of 17 January 2017 on TTIP progress.</li> <li><u>Foreign Affairs Council</u> of 11 November 2016 adopted conclusions on EU-US trade and investment negotiations.</li> <li><u>European Commission report</u> of 21 October 2016 the 15th round of negotiations.</li> <li><u>Foreign Affairs Council</u> of 13 May 2016 discussed recent developments.</li> <li><u>Foreign Affairs Council</u> of 27 November 2015 discussed state of play of negotiations.</li> <li><u>Foreign Affairs Council</u> of 7 May 2015 took stock of ongoing negotiations.</li> </ul> |
| EU-Canada<br>Comprehensive<br>Economic and Trade<br>Agreement (CETA)<br>Signature of CETA | <u>9-10 March 2017</u><br>The European Council welcomes the positive vote in the European<br>Parliament on the EU-Canada Comprehensive Economic and Trade<br>Agreement (CETA).  |   |
|   | 20-21 October 2016<br>It underlined the importance of a swift decision to sign () the EU-<br>Canada Comprehensive Economic and Trade Agreement and<br>encouraged continued negotiations with a view to finding a<br>solution to the outstanding issues as soon as possible. | Comprehensive Economic and Trade<br>Agreement (CETA) between Canada, of the<br>one part, and the European Union and its<br>Member States, of the other part, OJ L11.<br>Council Decision (EU) 2017/37 of 28 October<br>2016 on the signing on behalf of the   |

| Policy field<br>Specific issue | Conclusion   | Follow-up action  |
|--------------------------------|--|---|
|                                |  | European Union of the Comprehensive<br>Economic and Trade Agreement (CETA)<br>between Canada, of the one part, and the<br>European Union and its Member States, of the<br>other part, OJ L 11.  |
|                                |  | On October 26 2016, a <u>Joint Interpretative</u><br><u>Instrument</u> was also adopted providing for a<br>binding interpretation of CETA's terms on<br>specific issues.  |
|                                |  | Foreign Affairs Council of 18 October 2016<br>adopted conclusions on the trade agreement<br>with Canada.  |
| Provisional application        | <u>9-10 March 2017</u><br>The European Council () looks forward to its imminent provisional<br>application.  |   |
|                                | 20-21 October 2016<br>It underlined the importance of a swift decision to ()<br>provisionally apply the EU-Canada Comprehensive Economic and<br>Trade Agreement. | Council Decision (EU) 2017/38 of<br>28 October 2016 on the provisional<br>application of the Comprehensive Economic<br>and Trade Agreement (CETA) between<br>Canada, of the one part, and the European<br>Union and its Member States, of the other<br>part, OJ L 11. |

| Policy field<br>Specific issue              | Conclusion  | Follow-up action   |
|---|---|--|
| Japan<br>Signature and conclusion of<br>FTA | <u>22 March 2018</u><br>It looks forward to the signature and conclusion of the agreement<br>reached with Japan.  | <u>Council Decision (EU) 2018/966</u> of 6 July 2018<br>on the signing, on behalf of the European<br>Union, of the Agreement between the<br>European Union and Japan for an Economic<br>Partnership, OJ L 174.                   |
| Political agreement end<br>2016             | <u>22-23 June 2017</u><br>The European Council welcomes the progress achieved recently in the<br>negotiations with Japan, which could pave the way for a political<br>agreement.                                    |  |
|   | 20-21 October 2016<br>The European Council invites the Commission to actively pursue<br>negotiations on a free trade agreement with Japan, with a view to<br>reaching a political agreement by the end of the year. | A <u>political agreement</u> was reached on the<br>trade agreement on 6 July 2017.<br><u>Foreign Affairs Council</u> conclusions of 11 May<br>2017.<br><u>Foreign Affairs Council</u> conclusions of 11<br>November 2016.        |
| Singapore                                   | <u>22 March 2018</u><br>It looks forward to the signature and conclusion of the agreement<br>reached with Singapore.  | <u>Council Decision (EU) 2018/1676</u> of<br>15 October 2018 on the signing, on behalf of<br>the European Union, of the Investment<br>Protection Agreement between the European<br>Union and its Member States, of the one part, |

| Policy field<br>Specific issue | Conclusion | Follow-up action   |
|--------------------------------|------------|--|
|                                |            | and the Republic of Singapore, of the other<br>part, OJ L 279.<br><u>Council Decision (EU) 2018/1599</u> of<br>15 October 2018 on the signing, on behalf of<br>the European Union, of the Free Trade<br>Agreement between the European Union and<br>the Republic of Singapore, OJ L 267. |

# 7.2. Association agreements

| Policy field<br>Specific issue                  | Conclusion  | Follow-up action |
|---|---|------------------|
| Republic of Moldova<br>EU signature August 2014 | <u>26-27 June 2014</u><br>The European Council welcomed the signature of the Association<br>Agreements, including Deep and Comprehensive Free Trade Areas,<br>between the European Union and the Republic of Moldova.   |                  |
| Georgia<br>EU signature August 2014             | <u>26-27 June 2014</u><br>The European Council welcomed the signature of the Association<br>Agreements, including Deep and Comprehensive Free Trade Areas,<br>between the European Union and Georgia.   |                  |
| Ukraine<br>Solution Dutch referendum            | <u>15 December 2016</u><br>The European Council notes that the Decision set out in the Annex is<br>legally binding on the 28 Member States of the European Union, and<br>may be amended or repealed only by common accord of their Heads of<br>State or Government. It will take effect once the Kingdom of the<br>Netherlands has ratified the agreement and the Union has concluded it.<br>Should this not be the case, the Decision will cease to exist. |                  |
|   | After having carefully noted the outcome of the Dutch referendum on<br>6 April 2016 on the bill approving the Association Agreement and the<br>concerns expressed prior to the referendum as conveyed by the Dutch<br>Prime Minister, the European Council takes note of a Decision of the  |                  |

| Policy field<br>Specific issue                    | Conclusion   | Follow-up action  |
|---|--|---|
|   | Heads of State or Government of the 28 Member States of the<br>European Union, meeting within the European Council (Annex), which<br>addresses these concerns in full conformity with the Association<br>Agreement and the EU treaties.  |   |
|   | 28 June 2016<br>The Dutch Prime Minister presented the outcome of the<br>referendum in the Netherlands on the Association Agreement<br>with Ukraine, as well as the concerns expressed in the debate<br>preceding the referendum. The European Council invites the<br>Council to seek a solution addressing these concerns as soon as<br>possible. | European Council <u>decision</u> of 15 December<br>2016 on Ukraine. |
| Signature remainder of association agreement 2014 | <u>26-27 June 2014</u><br>The European Council welcomed the signature of the remainder of the<br>Association Agreement and Deep and Comprehensive Free Trade Area,<br>between the European Union and Ukraine.  |   |
| Ratification Member States                        | <u>15 December 2016</u><br>Therefore, completing the ratification process remains a crucial EU<br>objective.   |   |

| Policy field<br>Specific issue | Conclusion   | Follow-up action |
|--------------------------------|--|------------------|
| Provisional application        | <u>23-24 October 2014</u><br>The European Council welcomed the upcoming provisional application<br>of the Association Agreement.   |                  |
|                                | <u>30 August 2014</u><br>The European Council welcomes the trilateral talks initiated between<br>the European Union, Ukraine and the Russian Federation on practical<br>issues with regard to the implementation of the Association<br>Agreement/DCFTA ().   |                  |
|                                | <u>16 July 2014</u><br>It welcomes the holding of trilateral consultations at ministerial level<br>between Ukraine, the Russian Federation and the European Union on 11<br>July on the implementation of the Association Agreement.  |                  |
|                                | In this context, it also welcomes the setting up of a consultation<br>mechanism to address potential difficulties resulting from the effects<br>of the implementation of the Deep and Comprehensive Free Trade<br>Area on the implementation of the Free Trade Agreement of the<br>Commonwealth of Independent States. |                  |

| Policy field<br>Specific issue                   | Conclusion   | Follow-up action   |
|--|--|--|
| Conclusion association<br>agreement with Ukraine | <u>15 December 2016</u><br>The European Council reconfirms its commitment to () the<br>conclusion of the EU-Ukraine Association Agreement, including<br>the establishment of a Deep and Comprehensive Free Trade Area.<br>() | Council Decision (EU) 2017/1247 of 11 July<br>2017 on the conclusion, on behalf of the<br>European Union, of the Association<br>Agreement between the European Union and<br>the European Atomic Energy Community and<br>their Member States, of the one part, and<br>Ukraine, of the other part, with the exception<br>of the provisions relating to the treatment of<br>third-country nationals legally employed as<br>workers in the territory of the other party, OJ L<br>181/4 .<br>Council Decision (EU) 2017/1248 of 11 July<br>2017 on the conclusion, on behalf of the<br>European Union, of the Association<br>Agreement between the European Union and<br>the European Atomic Energy Community and<br>their Member States, of the one part, and<br>Ukraine, of the other part, as regards<br>provisions relating to the treatment of third-<br>country nationals legally employed as workers<br>in the territory of the other party, OJ L 181/4. |

## 7.3. World Trade Organization multilateral negotiations

| Policy field<br>Specific issue | Conclusion   | Follow-up action   |
|--------------------------------|--|--|
| WTO reform                     | 28-29 June 2018<br>It invites the Commission to propose a comprehensive approach<br>to improving, together with like-minded partners, the functioning<br>of the WTO in crucial areas such as (i) more flexible negotiations,<br>(ii) new rules that address current challenges, including in the field<br>of industrial subsidies, intellectual property and forced<br>technology transfers, (iii) reduction of trade costs, (iv) a new<br>approach to development, (v) more effective and transparent<br>dispute settlement, including the Appellate Body, with a view to<br>ensuring a level playing field, and (vi) strengthening the WTO as<br>an institution, including in its transparency and surveillance<br>function. | On 18 September 2018 the European<br>Commission presented a <u>concept paper</u><br>outlining EU's comprehensive approach for<br>the modernisation of the World Trade<br>Organisation. |

#### 7.4. Market access

| Policy field<br>Specific issue                                | Conclusion  | Follow-up action  |
|---|---|---|
| Public procurement<br>International procurement<br>instrument | <u>22 March 2018</u><br>The European Council calls on the co-legislators to make progress<br>on the pending legislative proposal in the field of public<br>procurement.   | European Parliament International Trade<br>Committee tabled <u>amendments</u> to the file on<br>22 March 2018.<br>European Parliament Committee on the<br>Internal Market and Consumer Protection -<br><u>Opinion</u> of 26 September 2017. |
|   | <u>22-23 June 2017</u><br>The European Council will revert to this issue at one of its future meetings.   | European Council conclusions of 22 March 2018   |
|   | It also calls on the Commission and the Council to deepen and take<br>forward the debate on how to enhance reciprocity in the fields of<br>public procurement ().         |   |
| Investment<br>Foreign direct investment                       | <u>28-29 June 2018</u><br>The European Council calls for the legislative proposal on the<br>screening of foreign direct investments to be adopted as soon as<br>possible. |   |
|   | <u>22 March 2018</u>  | On 20 November 2018, the Council<br>Presidency reached a <u>provisional agreement</u>   |

| Policy field<br>Specific issue | Conclusion  | Follow-up action  |
|--------------------------------|---|---|
|                                | The European Council calls on the co-legislators to make progress on the pending legislative proposal in the field of investment.                             | <ul> <li>with European Parliament representatives on the proposal.</li> <li>On 13 June 2018, EU ambassadors (COREPER) agreed on the Council's position regarding the proposed regulation on screening of foreign direct investments.</li> <li>Decision to enter into interinstitutional negotiations <u>confirmed</u> by plenary on 6 June 2018 (Rule 69c).</li> <li><u>European Parliament report</u> of 5 June 2018 on the proposal for a Regulation of the European Parliament and of the Council establishing a framework for screening of foreign direct investments into the European Union.</li> </ul> |
|                                | <u>22-23 June 2017</u><br>The European Council will revert to this issue at one of its future meetings.   | European Council conclusions of 22 March 2018   |
|                                | It also calls on the Commission and the Council to deepen and take<br>forward the debate on how to enhance reciprocity in the fields of<br>() and investment. | On 13 June 2018, EU ambassadors (COREPER)<br>agreed on the Council's position regarding<br>the proposed regulation on screening of<br>foreign direct investments.<br><u>Proposal COM(2017) 487</u> of 13 September<br>2017 for a Regulation of the European<br>Parliament and of the Council on establishing  |

| Policy field<br>Specific issue  | Conclusion   | Follow-up action   |
|---|--|--|
|   |  | a framework for screening of foreign direct investments into the European Union.   |
|   | In this context, it welcomes the Commission's initiative to harness<br>globalisation and, inter alia, to analyse investments from third<br>countries in strategic sectors, while fully respecting Members States'<br>competences.  |  |
| Trade Defence<br>Instruments (TDI)<br>Modernisation of Trade<br>Defence Instruments | 22-23 June 2017<br>The European Council therefore calls on the co-legislators to<br>swiftly agree on modern, WTO-compatible trade defence<br>instruments, which will reinforce the ability of the EU to effectively<br>tackle unfair and discriminatory trade practices and market<br>distortions. | <ul> <li>Regulation (EU) 2018/825 of the European<br/>Parliament and of the Council of 30 May 2018<br/>amending Regulation (EU) 2016/1036 on<br/>protection against dumped imports from<br/>countries not members of the European<br/>Union and Regulation (EU) 2016/1037 on<br/>protection against subsidised imports from<br/>countries not members of the European<br/>Union, OJ L 143.</li> <li>Regulation (EU) 2017/2321 of the European<br/>Parliament and of the Council of 12 December<br/>2017 amending Regulation (EU) 2016/1036 on<br/>protection against dumped imports from<br/>countries not members of the European<br/>Union and Regulation (EU) 2016/1037 on<br/>protection against subsidised imports from<br/>countries not members of the European<br/>Union and Regulation (EU) 2016/1037 on<br/>protection against subsidised imports from<br/>countries not members of the European<br/>Union, OJ L 338.</li> </ul> |

| Policy field<br>Specific issue | Conclusion  | Follow-up action   |
|--------------------------------|---|--|
|                                | <u>9-10 March 2017</u><br>At the same time, the EU has to equip itself with modernised,<br>WTO-compatible tools to tackle unfair trade practices and market<br>distortions. The European Council calls for the quick adoption of<br>the relevant proposals in this respect. | <ul> <li>Regulation (EU) 2018/825 of the European<br/>Parliament and of the Council of 30 May 2018<br/>amending Regulation (EU) 2016/1036 on<br/>protection against dumped imports from<br/>countries not members of the European<br/>Union and Regulation (EU) 2016/1037 on<br/>protection against subsidised imports from<br/>countries not members of the European<br/>Union, OJ L 143.</li> <li>Regulation (EU) 2017/2321 of the European<br/>Parliament and of the Council of 12 December<br/>2017 amending Regulation (EU) 2016/1036 on<br/>protection against dumped imports from<br/>countries not members of the European<br/>Union and Regulation (EU) 2016/1037 on<br/>protection against subsidised imports from<br/>countries not members of the European<br/>Union and Regulation (EU) 2016/1037 on<br/>protection against subsidised imports from<br/>countries not members of the European<br/>Union, OJ L 338.</li> </ul> |
|                                | <u>15 December 2016</u><br>It also notes that the Council is now ready to engage in negotiations<br>with the European Parliament on the modernisation of Trade Defence<br>Instruments.  |  |

| Policy field<br>Specific issue | Conclusion   | Follow-up action   |
|--------------------------------|--|--|
|                                | 20-21 October 2016<br>This requires an urgent and balanced agreement on the Council<br>position on the comprehensive modernisation of all trade defence<br>instruments by the end of 2016.           | On 16 April 2018, the Council <u>adopted its</u><br><u>position</u> on the modernisation of trade<br>defence instruments (proposal<br>COM(2013)0192).<br>On 13 December 2016 the Committee of<br>Permanent Representatives (Coreper) agreed<br>on the <u>Council's negotiating position</u> on trade<br>defence instruments.<br><u>Foreign Affairs Council</u> (Trade) conclusions of<br>11 November 2016. |
|                                | In this context, the European Council notes the Commission communication 'Towards a robust trade policy for the EU in the interest of jobs and growth' of 18 October 2016.                           |  |
|                                | <u>16 September 2016</u><br>c) October European Council to address how to ensure a robust<br>trade policy that reaps the benefits of open markets while taking<br>into account concerns of citizens. | European Council conclusions of 20-21<br>October 2016.   |
|                                | <u>28 June 2016</u><br>In this context, the European Council calls for the swift completion<br>of the work on trade defence instruments.   | Regulation (EU) 2018/825 of the European<br>Parliament and of the Council of 30 May 2018<br>amending Regulation (EU) 2016/1036 on<br>protection against dumped imports from<br>countries not members of the European<br>Union and Regulation (EU) 2016/1037 on<br>protection against subsidised imports from   |

| Policy field<br>Specific issue | Conclusion  | Follow-up action  |
|--------------------------------|---|---|
|                                |   | countries not members of the European<br>Union, OJ L 143.<br><u>Regulation (EU) 2017/2321</u> of the European<br>Parliament and of the Council of 12 December<br>2017 amending Regulation (EU) 2016/1036 on<br>protection against dumped imports from<br>countries not members of the European<br>Union and Regulation (EU) 2016/1037 on<br>protection against subsidised imports from<br>countries not members of the European<br>Union, OJ L 338. |
|                                | The European Council recalls its previous conclusions on trade and on the steel sector.   |   |
|                                | The European Council () will return to the issue for a comprehensive discussion at its forthcoming October meeting.   | European Council conclusions of 20-21<br>October 2016.  |
|                                | <u>17-18 March 2016</u><br>In the light of the difficult situation of the European steel sector, in<br>a context of overcapacity at global level, the European Council<br>calls on the Council to rapidly examine the Commission's<br>communication with a view to taking strong action in response to<br>this challenge. | Foreign Affairs Council (Trade) conclusions of 13 May 2016.   |

| Policy field<br>Specific issue               | Conclusion   | Follow-up action   |
|--|--|--|
| Anti-dumping/anti-subsidy<br>new methodology | 22-23 June 2017<br>The European Council therefore calls on the co-legislators to<br>swiftly agree on modern, WTO-compatible trade defence<br>instruments, which will reinforce the ability of the EU to effectively<br>tackle unfair and discriminatory trade practices and market<br>distortions. | <ul> <li>Regulation (EU) 2018/825 of the European<br/>Parliament and of the Council of 30 May 2018<br/>amending Regulation (EU) 2016/1036 on<br/>protection against dumped imports from<br/>countries not members of the European<br/>Union and Regulation (EU) 2016/1037 on<br/>protection against subsidised imports from<br/>countries not members of the European<br/>Union, OJ L 143.</li> <li>Regulation (EU) 2017/2321 of the European<br/>Parliament and of the Council of 12 December<br/>2017 amending Regulation (EU) 2016/1036 on<br/>protection against dumped imports from<br/>countries not members of the European<br/>Union and Regulation (EU) 2016/1037 on<br/>protection against subsidised imports from<br/>countries not members of the European<br/>Union and Regulation (EU) 2016/1037 on<br/>protection against subsidised imports from<br/>countries not members of the European<br/>Union, OJ L 338.</li> </ul> |
|  | <u>9-10 March 2017</u><br>At the same time, the EU has to equip itself with modernised,<br>WTO-compatible tools to tackle unfair trade practices and market<br>distortions. The European Council calls for the quick adoption of<br>the relevant proposals in this respect.                        | Regulation (EU) 2018/825 of the European<br>Parliament and of the Council of 30 May 2018<br>amending Regulation (EU) 2016/1036 on<br>protection against dumped imports from<br>countries not members of the European<br>Union and Regulation (EU) 2016/1037 on<br>protection against subsidised imports from<br>countries not members of the European<br>Union, OJ L 143.<br><u>Regulation (EU) 2017/2321</u> of the European<br>Parliament and of the Council of 12 December  |

| Policy field<br>Specific issue            | Conclusion  | Follow-up action   |
|---|---|--|
|   |   | 2017 amending Regulation (EU) 2016/1036 on<br>protection against dumped imports from<br>countries not members of the European<br>Union and Regulation (EU) 2016/1037 on<br>protection against subsidised imports from<br>countries not members of the European<br>Union, OJ L 338. |
| Goods and services<br>Steel and aluminium | <u>28-29 June 2018</u>  |  |
|   | In reaction to the United States' decision to impose tariffs on the EU for<br>steel and aluminium products, which cannot be justified on the<br>grounds of national security, the European Council fully supports the<br>rebalancing measures, potential safeguard measures to protect our<br>own markets, and the legal proceedings at the WTO, as decided on the<br>initiative of the Commission. |  |
|   | <u>22 March 2018</u><br>The European Council () underlines its support for a dialogue on<br>trade issues of common concern.   |  |
|   | It takes note that shipments of steel and aluminium from the European<br>Union have been temporarily exempted from such measures (US<br>tariffs).   |  |

| Policy field<br>Specific issue | Conclusion  | Follow-up action |
|--------------------------------|---|------------------|
|                                | The European Council strongly supports the steps taken by the<br>Commission to ensure that the interests of the EU are fully protected<br>and to reserve its rights, in compliance with World Trade Organisation<br>rules, to respond to the US measures as appropriate and in a<br>proportionate manner. |                  |

# 8. Development policy

#### A. Background

In recent years, discussions in the European Council on development policy issues have put a strong emphasis on relations between the European Union and the African continent. This focus has been linked to a large extent to the consequences of the migration crisis that started to unfold in 2015. The high degree of attention paid to migration issues is reflected in the conclusions of the European Council. In the period between 2015 and 2017, the European Council has dealt<sup>1</sup> with migration issues, in particular its external dimension, in at least four to six meetings every year. Amongst the core directions set by Heads of State or Government in order to shape a long term solution to the migration crisis, high priority was granted to initiatives aimed at tackling the root causes of migration and at promoting economic development in countries of origin and transit. In this context, the European Council reflected, more specifically, on ways of deepening the EU's partnership with African countries.

Throughout 2018, the European Council has on several occasions expressed its commitment to take the partnership with Africa to a new level, in line with principles and objectives defined in the <u>Agenda 2063</u>, the African Union's (AU) strategic framework for the socio-economic transformation of Africa. This endevour comes at a time when profound changes are occurring on the African continent, such as the creation of an African single market for goods and services (<u>African Continental Free Trade Area</u>) and a renewed impetus towards the institutional and financial <u>reform</u> of the AU.

At the same time, the Heads of State or Government have also put emphasis on the conclusion of a renewed partnership with African, Caribbean and Pacific (ACP) countries through the conclusion of economic partnership agreements. The <u>launch of negotiations</u> on the revision of the Cotonou Partnership Framework (CPA), the framework of cooperation between the EU and the ACP countries, in September 2018, is designed to 'transform the current partnership into a modern political framework geared to deliver on the Sustainable Development Goals'. Negotiations on <u>economic partnership agreements</u> have been finalised with regional groupings in Southern, West and East Africa, but the final agreements have not yet been endorsed by all the states. In his <u>State of the Union address</u>, in 2018, Commission President Jean-Claude Juncker called for developing these agreements into a "continent-to-continent free trade agreement, as an economic partnership between equals".

### B. Legal basis for European Council action in development policy

Article 22(1) TEU: On the basis of the principles and objectives set out in Article 21 TEU, the European Council shall identify the strategic interests and objectives of the Union. Decisions of the European Council on the strategic interests and objectives of the Union shall relate to the common foreign and security policy and to other areas of the external action of the Union. Such decisions may concern the relations of the Union with a specific country or region or may be thematic in approach [...].

<sup>&</sup>lt;sup>1</sup> See European Council Oversight in-depth analyses: The European Council in 2017: <u>Overview of decisions and discussions</u>, The European Council in 2016: <u>Overview of decisions and discussions</u>, and <u>The European Council in 2015</u>.

Article 16(6) TEU: The Foreign Affairs Council shall elaborate the Union's external action on the basis of strategic guidelines laid down by the European Council and ensure that the Union's action is consistent.

### C. Strategic orientations

#### Taking cooperation with Africa to a new level

Cooperation with African partners takes place under several frameworks at EU level. This includes cooperation with countries in Sub-Saharan Africa under the <u>Cotonou Partnership Agreement</u> and cooperation with North Africa countries under the <u>EU Neighbourhood policy</u>. The EU and the AU also carry out political dialogue on key issues on the basis of the joint Africa-EU strategy (JAES) adopted in 2007. The strategy sets out the intention of both continents to move beyond a donor/recipient relationship towards cooperation on jointly identified objectives.

The most recent EU-AU summit in Abidjan, in November 2017, attended by European Council President Donald Tusk, was an important opportunity to <u>discuss</u> the future direction for cooperation between the two continents. Leaders agreed to focus on four priorities over the next years:1)investing in people, through collaboration in education, science, technology and skills development, 2) strengthening resilience, peace, security and governance, 3) managing migration and mobility, and 4) mobilising investments for a structural and sustainable transformation of the African continent.

Following up on these objectives, the June 2018 European Council emphasised that the challenges brought about by migration required a partnership, which could take cooperation between the two continents to a new level. This cooperation would aim at a substantial socio-economic transformation of the continent, with a number of issues on which to further develop relations singled out, notably education, health, infrastructure, innovation, good govenrnace and women's empowerment. EU leaders called for increased development funding but also for a new framework enabling an increase in private investment from both African and European investors.

#### D. Noteworthy commitments: specific requests and follow-up

#### D.1. Alliance for Sustainable Investment and Jobs

Following up on the Abidjan objectives and in response to the European Council call for increased investments in Africa, Commission President Juncker proposed the creation of an <u>Alliance for</u> <u>Sustainable Investment and Jobs</u> (Alliance) in September 2018. The Alliance is intended to encourage investment, support education and skills development, boost intra-African trade and improve the business environment. It is expected to support the <u>creation of 10 million jobs</u> in Africa in the next five years. The Alliance seeks to deepen the partnership with Africa by moving from the traditional donor-recipient relationship towards a partnership with an extensive economic dimension. The October 2018 European Council <u>has welcomed</u> the proposal and called for actions to be taken forward, including through concrete proposals for Member States' involvement. In this respect, EU development ministers held a <u>first exchange of views</u> at their meeting in November 2018.

#### D.2. Cotonou Partnership Agreement

Already in 2013, the European Council emphasised the importance of negotiating a renewed partnership agreement with ACP countries before its expiry in 2020. Since then, progress has been made on both the EU and ACP sides in definining their respective negotiating mandates. On the EU side, <u>negotiating directives</u> were adopted in June 2018, based on the Commission <u>recommendation</u> of December 2017. The <u>mandate</u> for negotiations of the ACP group was adopted in May 2018. The

EU supports an umbrella agreement defining common values and interests, with three distinct groups within the African, Caribbean and Pacific countries. Negotiations were launched on 28 September 2018 and negotiating teams met <u>several</u> times in <u>October</u> and <u>November</u> 2018 to exchange views on their mandates and begin identifying subjects for agreement.

#### D.3. Cooperation with Africa on migration

The November 2015 Africa-EU Valetta Summit on migration (Valletta Summit) brought EU and African leaders together to address the challenges and opportunities brought by migration. The summit led to the adoption of a <u>political declaration</u> and an <u>action plan</u> based on five strands of action. EU and African leaders thus committed to: 1)tackling the root causes of irregular migration and forced displacement, 2) enhancing cooperation on legal migration and mobility, 3) reinforcing the protection of migrants and asylum seekers, 4) preventing and fighting irregular migration, migrant smuggling and human trafficking, and 5) improving cooperation on return, readmission and reintegration of irregular migrants. Tackling the root causes of migration by providing economic and social opportunities in partner countries are at the <u>core</u> of EU's long term approach to the migration crisis.

In his <u>remarks</u> at the opening of the Abidjan summit, President Tusk acnowledged that migration was a long term issue for both Europe and Africa and that it was essential to agree on common ground to effectively cooperate in the years to come. '*It is in all our interests to have orderly migration that is more controlled, more humane and sustainable*'. Therefore, in an effort to find common solutions, <u>high-level dialogues</u> have been held with African partners, in particular with countries of origin and transit of irregular migrants. A series of initiatives have been launched with a number of <u>countries</u>, notably partnerships on the management of migration (migration partnerships)<sup>2</sup> on the basis of '<u>effective incentives and adequate conditionality</u>'.<sup>3</sup> A number of external action instruments have also been launched, including <u>EU trust funds</u>, such as the <u>EU Emergency Trust Fund</u><sup>4</sup> dedicated to <u>implementing</u> the objectives agreed at the Valetta summit. Moreover, the External Investment Plan, launched in 2017, contributes to implementing the migration partnerships by <u>scaling up private investment</u> in the partner countries.

Analysts <u>note</u>, however, that since 2015 EU actions to address irregular migration have gradually led to the <u>instrumentalisation</u> of development policy instruments for migration management purposes. The EU Trust Fund for Africa and the migration partnerships <u>prioritise</u> the management of irregular migration through the use of different policies and tools, including development aid. The partnerships have explicitly introduced <u>conditionality</u> to cooperation with third countries on return and readmission of irregular migrants. With regard to the EU Trust Fund for Africa, which is <u>largely</u> <u>funded</u> with money from the <u>European Development Fund</u> (EDF),<sup>5</sup> an off-budget fund, <u>concerns</u> have already been <u>expressed</u> by the European Parliament, as the primary focus of the EDF remains

<sup>&</sup>lt;sup>2</sup> The global approach to migration and mobility had previously led to the creation of <u>bilateral mobility partnerships</u> with key third countries. They served as a bilateral framework for dialogue and practical cooperation to address relevant migration and mobility issues.

<sup>&</sup>lt;sup>3</sup> This approach was further <u>clarified</u> by the European Council in October 2016 when EU leaders agreed to pursue 'measurable results in terms of preventing illegal migration and returning irregular migrants, as well as to create and apply the necessary leverage, by using all relevant EU policies, instruments and tools, including development and trade'.

<sup>&</sup>lt;sup>4</sup> Full title: 'European Emergency Trust Fund for stability and addressing root causes of irregular migration and displaced persons in Africa'.

<sup>&</sup>lt;sup>5</sup> The European Parliament <u>has called in several resolutions</u> for increased scrutiny powers over the EU Trust Fund For Africa. It has welcomed the flexibility and reactiveness of the Trust Fund, but insisted that similar funding instruments outside the EU budget had to remain the exception, since they fall outside the control the budgetary authority and undermine the unity of the budget. The Parliament has long <u>called</u> for the integration of the European Development Fund, which is financed by yearly contributions from EU Member States, into the EU budget.

the 'economic, human and social development of the host country'. Nevertheless, measures taken so far <u>reflect</u> EU policy approaches on the external dimension of migration as defined in the <u>global</u> approach to migration and mobility (GAMM),<sup>6</sup> the framework for EU relations with third countries in the areas of migration and asylum. While the short term priority of migration partnerships<sup>7</sup> is indeed to achieve 'results in terms of [...]returns of irregular migrants', their long-term objective of addressing the 'root causes of irregular migration and forced displacement' remains an essential element of this approach.

#### E. Challenges ahead and outlook

Measures taken so far in response to the migration and refugee crises have reduced the number of irregular migrants entering the EU. However, they have also been <u>criticised</u> by <u>experts</u> in the <u>academic</u> and <u>legal</u> spheres. EU Member States are notably criticised for having invested significant ressources in strengthening the <u>border management capabilities</u> of third countries while only offering <u>limited legal migration</u> opportunities into the EU. The European Parliament has expressed its support for the migration partnerships and the EU Trust for Africa, and has called on many occasions for the promotion of legal migration, as agreed to at the Valetta summit. Moreover, critics point out that the inability to reach agreement on the reform of the common European asylum system has further increased <u>reliance</u> on solutions to the crisis beyond the EU borders.

Following the EU leaders' meetings in <u>September</u> and <u>October</u> 2018, the aim is to <u>strengthen</u> <u>cooperation on migration</u> with Egypt and other North African countries, as part of a broader partnership. In this respect, a <u>summit</u> with the League of Arab States will be held in February 2019. With a view to providing the necessary means for this strengthened cooperation, the June 2018 European Council <u>called</u> for a '*dedicated financial facility geared towards combatting illegal migration*' and for '*dedicated, significant components for external migration management*' to be included in the next multiannual financial framework (MFF).

Regarding the negotiations on the Cotonou Partnership Agreement, <u>divergent</u> points of view between the two sides have surfaced on several issues, including migration. Whereas the EU wishes to maintain the <u>specificity</u> of its relationships with African partners under the various frameworks, in order to develop a 'partnership among equals', the EU must also further consolidate the continent to continent dimension of its relationship with Africa, as <u>called</u> for by the Heads of State or Government. Concerning the ACP group, more <u>clarity</u> will be needed on the <u>involvement</u> of the African Union in the negotiations, in particular with regard to the African pillar of the agreement.

An Africa-Europe high-level forum, will be hosted by the Federal Chancellor of the Republic of Austria, Sebastian Kurz, and the President of the Republic of Rwanda, Paul Kagame, on 17-18 December 2018. The idea is to take cooperation with Africa to a new level, by focusing on innovation and digitalisation as drivers for development. Moreover, for the Alliance for Sustainable Investment and Jobs to be successful, constant dialogue between EU and African partners will be essential as well as increased involvment of the private sector and civil society. The negotiations on the MFF will be paramount in ensuring that sufficient financial ressources are available to enable it to achieve its objectives.

<sup>&</sup>lt;sup>6</sup> The <u>global approach to migration</u> (GAM) was first defined by the European Council in its <u>conclusions</u> of 15-16 December 2005. The GAM comprised the whole migration agenda, including legal and irregular migration, combating human trafficking and smuggling of migrants, strengthening protection for refugees, enhancing migrant rights and harnessing the synergies between migration and development. In 2011, the Commission highlighted the need to strengthen the external migration policy and published a revised strategy, the <u>global approach to migration and mobility(</u>GAMM).

<sup>&</sup>lt;sup>7</sup> The first migration partnerships were concluded at the end of 2016 with Jordan and Lebanon, to be followed by five priority countries (Niger, Nigeria, Senegal, Mali and Ethiopia), as well as Tunisia and Libya.

# 8.1. Development cooperation

| Policy field<br>Specific issue                               | Conclusion  | Follow-up action  |
|--|---|---|
| Africa-EU cooperation<br>Strategic Partnership EU-<br>Africa | <u>17-18 October 2018</u><br>(The European Council) calls for actions to be taken forward,<br>including through concrete proposals for Member States'<br>involvement (with regard to Africa-Europe Alliance for<br>Sustainable Investment and Jobs).    | On 8 November 2018, the European Union<br>and the African Union launched the <u>EU-Africa</u><br><u>high-level platform</u> on sustainable energy<br>investments in Africa.   |
|  | It welcomes the presentation of the Commission's initiative for a new Africa-Europe Alliance for Sustainable Investment and Jobs ().  |   |
| Partnership<br>framework/migration<br>compacts               | <u>15 December 2016</u><br>The European Council welcomes the progress on implementation of<br>the compacts with five African countries of origin or transit and the<br>growing ownership in the partner countries.                                      |   |
|  | In order to reinforce the implementation of the Valletta Action<br>Plan and the Partnership Framework, the agreement reached in<br>the Council on the EIB External Lending Mandate should be<br>followed by swift adoption of the relevant legislation. | Decision (EU) 2018/412 of the European<br>Parliament and of the Council of 14 March<br>2018 amending Decision No 466/2014/EU<br>granting an EU guarantee to the European<br>Investment Bank against losses under<br>financing operations supporting investment<br>projects outside the Union. |

| Policy field<br>Specific issue | Conclusion  | Follow-up action   |
|--------------------------------|---|--|
|                                | <u>20-21 October 2016</u><br>Calls on the High Representative, including in her role as Vice-<br>President of the Commission, to present at the December<br>European Council meeting progress with the five selected African<br>countries and the first results achieved in terms of arrivals and<br>returns. | European Council conclusions of 15<br>December 2016.   |
|                                | The European Council welcomes the progress made on developing compacts with Lebanon and Jordan to enhance support for refugees and host communities in both countries.  |  |
|                                | Takes note of the Commission's "First progress report on the<br>Partnership Framework with third countries under the European<br>Agenda on Migration".  |  |
|                                | 28 June 2016<br>The Council and the Commission will regularly monitor the<br>process, assess its results and report to the European Council.  | COM(2017) 471 of 6 September 2017 - Fifth<br>Progress Report on the Partnership<br>Framework with third countries under the<br>European Agenda on Migration.<br>COM(2017) 350 of 13 June 2017 - Fourth<br>Progress Report on the Partnership<br>Framework with third countries under the<br>European Agenda on Migration.<br>COM(2017) 205 of 2 March 2017 - Third<br>Progress Report on the Partnership |

| Policy field<br>Specific issue | Conclusion   | Follow-up action  |
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|                                | The High Representative, including in her role as Vice-President of<br>the Commission, will lead the implementation of this new<br>approach and ensure close and effective coordination between<br>the EU institutions and services and the Member States, with a<br>view to concluding the first compacts before the end of the year. | <ul> <li>Framework with third countries under the European Agenda on Migration.</li> <li>COM(2016) 960 of 14 December 2016 - Second Progress Report: First Deliverables on the Partnership Framework with third countries under the European Agenda on Migration.</li> <li>COM(2016) 700 of 18 October 2016 - First Progress Report on the Partnership Framework with third countries under the European Agenda on Migration.</li> <li>EU-Lebanon Association Council of 11 November 2016 agreeing on EU-Lebanon Partnership Priorities.</li> <li>Council Decision (EU) 2016/2131 of 17 October 2016 on the position to be taken on behalf of the European Union within the Association Council set up by the Euro-Mediterranean Agreement establishing an Association between the European Community and its Member States, of the one part, and the Republic of Lebanon, of the other part, as regards the adoption of EU-Lebanon Partnership Priorities, including the Compact, OJ L 331.</li> <li>Council Decision (EU) 2016/2310 of 17 October 2016 on the position to be taken on behalf of the Suropean Union within the Association between the European</li> </ul> |

| Policy field<br>Specific issue | Conclusion   | Follow-up action   |
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|                                |  | behalf of the European Union within the<br>Association Council set up by the Euro-<br>Mediterranean Agreement establishing an<br>Association between the European<br>Communities and their Member States, of the<br>one part, and the Hashemite Kingdom of<br>Jordan, of the other part, as regards the<br>adoption of EU-Jordan Partnership Priorities,<br>including the Compact, OJ L 345.   |
|                                | All relevant instruments and sources of funding should be<br>mobilised in a coherent manner in support of the migration<br>compacts. The Council is invited to rapidly examine the proposals<br>made by the Commission to that effect. | Council <u>position</u> adopted on the European<br>Fund for Sustainable Development on 13<br>December 2016.  |
|                                | <u>17-18 March 2016</u><br>It calls for pledges to be disbursed promptly and EU Compacts to<br>be finalised to enhance support to refugees and host communities<br>in both countries [Jordan and Lebanon].                             | EU-Lebanon Association Council of 11<br>November 2016 agreeing on EU-Lebanon<br>Partnership Priorities.<br>Council Decision (EU) 2016/2131 of 17<br>October 2016 on the position to be taken on<br>behalf of the European Union within the<br>Association Council set up by the Euro-<br>Mediterranean Agreement establishing an<br>Association between the European<br>Community and its Member States, of the one<br>part, and the Republic of Lebanon, of the<br>other part, as regards the adoption of EU- |

| Policy field<br>Specific issue | Conclusion  | Follow-up action  |
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|                                | The European Council reaffirms its support to Jordan and Lebanon.   | Lebanon Partnership Priorities, including the<br>Compact, OJ L 331.<br>Council Decision (EU) 2016/2310 of 17<br>October 2016 on the position to be taken on<br>behalf of the European Union within the<br>Association Council set up by the Euro-<br>Mediterranean Agreement establishing an<br>Association between the European<br>Communities and their Member States, of the<br>one part, and the Hashemite Kingdom of<br>Jordan, of the other part, as regards the<br>adoption of EU-Jordan Partnership Priorities,<br>including the Compact, OJ L 345. |
|                                | <u>15-16 October 2015</u><br>The Commission and the High Representative will propose, within<br>six months, comprehensive and tailor-made incentives to be used<br>vis-a-vis third countries for readmission and returns. | COM(2016) 385 of 7 June 2016 on establishing<br>a new Partnership Framework with third<br>countries under the European Agenda on<br>Migration.  |

| Policy field<br>Specific issue   | Conclusion  | Follow-up action   |
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| Specific issue<br>External Investment<br>Plan/European Fund for<br>Sustainable Development | Conclusion         19-20 October 2017         In this context, the European Council welcomes the recent launch of the European Fund for Sustainable Development, which supports investment in African and Neighbourhood countries.         15 December 2016         In order to reinforce the implementation of the Valletta Action Plan and the Partnership Framework, the agreement reached in the Council on the European Fund for Sustainable Development should be followed by swift adoption of the relevant legislation.         20-21 October 2016         The European Council calls upon: the Council to agree before the end of the year on its position on the External Investment Plan, which is aimed at boosting investments and job creation in partner countries, with a view to swift agreement with the European Parliament in the first half of 2017. | Regulation (EU) 2017/1601 of the European         Parliament and of the Council of 26         September 2017 establishing the European         Fund for Sustainable Development (EFSD), the         EFSD Guarantee and the EFSD Guarantee         Fund, OJ L 249.         Regulation (EU) 2017/1601 of the European         Parliament and of the Council of 26         September 2017 establishing the European         Parliament and of the Council of 26         September 2017 establishing the European         Fund for Sustainable Development (EFSD), the         EFSD Guarantee and the EFSD Guarantee         Fund, OJ L 249. |
|  |   | Council <u>position</u> adopted on the European<br>Fund for Sustainable Development on 13<br>December 2016.<br>Agreement <u>reached</u> with the European<br>Parliament in June 2017.  |
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| Policy field<br>Specific issue     | Conclusion   | Follow-up action   |
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|                                    | 28 June 2016<br>The Commission is invited to present by September 2016 a<br>proposal for an ambitious External Investment Plan, which should<br>be examined as a matter of priority by the European Parliament<br>and Council.   | COM(2016)0581 of 14 September 2016<br>Strengthening European Investments for jobs<br>and growth: Towards a second phase of the<br>European Fund for Strategic Investments and<br>a new European External Investment Plan.<br>European Parliament position <u>adopted</u> on<br>European Fund for Sustainable Development<br>on 6 July 2017.<br>Council <u>position</u> adopted on the European<br>Fund for Sustainable Development on 13<br>December 2016. |
| Emergency Trust Fund for<br>Africa | <u>19-20 October 2017</u><br>Commits to ensuring sufficient and targeted funding, including<br>through the North Africa window of the EU Trust Fund for Africa,<br>to underpin the necessary migration-related actions in North<br>Africa and finance all relevant projects in 2017 and beyond, with<br>timely disbursements. It tasks the Council, with the assistance of<br>the Commission, to undertake immediate operational follow-up to<br>ensure delivery on this commitment before the December<br>European Council; | On 29 May 2018, <u>new actions</u> were approved<br>under the EU Trust Fund for Africa.<br>On 6 December 2017, <u>three new programmes</u><br>were adopted in the framework of the EU<br>Trust Fund for Africa.  |

| Policy field<br>Specific issue | Conclusion   | Follow-up action  |
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|                                | 3 February 2017 (AM)<br>We welcome the Commission's decision to mobilise as a first step an<br>additional €200 million for the North Africa window of the Fund and to<br>give priority to migration-related projects concerning Libya.   |   |
|                                | <u>15 December 2016</u><br>In order to reinforce the implementation of the Valletta Action<br>Plan and the Partnership Framework, the agreement reached in<br>the Council on the EIB External Lending Mandate should be<br>followed by swift adoption of the relevant legislation. | Decision (EU) 2018/412 of the European<br>Parliament and of the Council of 14 March<br>2018 amending Decision No 466/2014/EU<br>granting an EU guarantee to the European<br>Investment Bank against losses under<br>financing operations supporting investment<br>projects outside the Union. |
|                                | <u>18-19 February 2016</u><br>b) implementation and operational follow-up to the Valletta Summit,<br>in particular the agreed list of 16 priority actions, should continue and<br>be stepped up;   |   |
|                                | <u>17-18 December 2015</u><br>Ensure implementation and operational follow up to the Valletta<br>Summit, particularly as regards returns and readmission.  |   |
|                                | <u>15-16 October 2015</u><br>Ask Member States to support EU Trust Fund for Africa.  |   |

| Policy field<br>Specific issue | Conclusion  | Follow-up action  |
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|                                | Effectively implement all readmission commitments, whether<br>undertaken through formal readmission agreements, the Cotonou<br>Agreement or other arrangements;   |   |
|                                | 23 September 2015<br>Increase the funding of the Emergency Trust Fund for stability and<br>addressing the root causes of irregular migration and displaced<br>persons in Africa through additional contributions by Member<br>States. | Annual report 2016 - The Emergency Trust<br>Fund for stability and addressing root causes<br>of irregular migration and displaced persons<br>in Africa. |
|                                | <u>25-26 June 2015</u><br>The Council will prepare proposals for areas of cooperation with<br>countries of origin and transit for the Valletta Summit.  | <u>Justice and Home Affairs Council</u> of 14<br>September 2015.  |
|                                | <u>23 April 2015</u><br>It [European Council] will propose the holding of a summit in<br>Malta in the coming months;  | <u>Valletta summit 11-12 November 2015</u>  |

Since June 2014, the European Council Oversight Unit within the European Parliamentary Research Service (EPRS), the European Parliament's in-house research service and think-tank, has been monitoring and analysing the European Council's delivery on commitments made in the conclusions of its meetings.

This overview of European Council conclusions is a new, updated and more comprehensive edition of the Rolling Check-List which has been published regularly by the European Council Oversight Unit since 2014. It is designed to review the degree of progress in achieving the goals that the European Council has set itself and to assist the Parliament in exercising its important oversight role in this field.

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