

José Manuel Barroso
President of the European Commission

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Dear President Schulz,

In my State of the Union address today I set out my views on the challenges that lie ahead as the European Parliament prepares for elections next May and as the Commission enters the final year of its mandate. We have already achieved a remarkable amount together for Europe's citizens under very challenging conditions. The European Parliament is an indispensable partner in the EU legislative process and I believe we can be proud of our shared achievements. To mention but a few, the work we have done together on the necessary reinforcement of our economic governance framework, the political agreement on the next Multiannual Financial Framework, and the comprehensive overhaul of financial supervision and regulation will have a major impact on the resilience of the European economy and will enhance our future growth prospects.

The challenges that still lie ahead demand that we step up our decision making in the months to come, completing the legislative work that we have started and pushing ahead with implementation. By delivering action on the ground in the areas with the greatest potential for catalysing and supporting economic recovery and job creation, we will help to rebuild confidence in Europe's capacity to emerge stronger from the crisis and in the EU's invaluable role as part of that recovery strategy.

This letter elaborates on the main initiatives under consideration for the 2014 Commission Work Programme, in accordance with the Framework Agreement between our two institutions. Our reflections have benefited from the European Parliament's resolution of 4 July 2013, from my own frequent interaction with you and the Parliament, together with the fruitful exchanges between Commissioners and parliamentary Committees. I look forward to continuing these exchanges as we move towards finalisation of the Work Programme next month.

In terms of our work in 2014, the Parliament and Commission agree that growth and jobs must remain the top priority. We need to continue to encourage Member States to pursue differentiated, growth-friendly fiscal consolidation, to pursue structural reform for competitiveness, to restore normal lending to the economy, to find innovative ways to create jobs and support those in need and unleash Europe's creative potential, and to modernise public administration. And we must not lose sight of longer-term challenges - and opportunities - such as energy and climate policies, boosting Europe's innovation capacity and our contribution to stability in the wider world.

Mr Martin SCHULZ
President of the European Parliament

Policy priorities and planning for 2014

Much of the emphasis next year will necessarily be on adopting legislative proposals now in co-decision and consolidating work already under way. This emphasis will be reflected in the 2014 Commission Work Programme. We will put the stress on the adoption and implementation of key pending proposals (such as our youth employment initiatives and our proposals to boost lending to SMEs), where Member States need to accelerate the implementation, as well as on work to ensure the smooth and timely launch of the new multi-annual financial framework (MFF) programmes and of the work of the High Level Expert group on own resources.

As in 2013, the focus of our economic policy making will be on sound public finances, structural reform and targeted investment. We will be working to build confidence in Europe's capacity to grow sustainably, to provide jobs and good welfare systems for our citizens and to ensure that the EU remains competitive in the global economy. We will want to give high priority to getting the banking union in place and work will continue on economic governance, access to finance, labour mobility and tackling youth unemployment. In line with the Commission's Blueprint for a Deep and Genuine EMU, we need to continue our work to build a full Economic and Monetary Union (EMU), for example to root it in a high level of democratic accountability and to give it a strong social dimension. On the latter the Commission will issue a Communication on the Social Dimension of EMU on 2 October. We should also redouble our efforts to meet our Europe 2020 targets through sustained and coordinated action at European and national levels.

Innovation and investment are vital for competitiveness. The new MFF programmes are geared to the priorities of the Europe 2020 strategy and include a wide range of measures to boost investment, to develop human capital and to prioritise reforms with a direct impact on growth and jobs. Ongoing work with the European Investment Bank to support access to finance for SMEs will be pursued as a vital lever to restore growth. Ensuring full implementation of internal market rules in critical areas like services and energy, and bringing the Single Market Act (SMA) initiatives to fruition will be pursued and we will aim to complete our modernisation of the state aid rules. The proposals we have made today for a genuine single market in telecommunications are also essential for competitiveness and their adoption will be a high priority over the coming months. We will also continue our work on the impact of energy prices on competitiveness and ways of addressing this.

Trade is also an area with huge growth potential where we need to maintain the pace of negotiations with key partners including the US.

Against this background the Commission sees the key priorities for the remainder of 2013 and 2014 as:

- Ensuring a smooth start for all MFF programmes for the period 2014-2020, the EU budget being a catalyst for investment, growth and reform;*
- Accelerating the adoption of key proposals, notably on the banking union and financial regulation (such as the proposals on Bank Resolution and Recovery presented in 2012 and for a Single Resolution Mechanism presented in July), on the single market (with all SMA II proposals now on the table), the telecoms proposals adopted today and the digital agenda; there are also a wide range of proposals of key importance to citizens – covering areas from the reformed common fisheries policy to an internal market in rail to the European Public Prosecutor's Office. In this context I*

would like to emphasise the need to conclude rapidly the adoption of the Tobacco Products Directive. Passing such proposals into law before the end of your legislature will send a powerful signal of how the EU is crucially important for citizens.

- Reinforcing economic governance, including the social dimension, and continuing to develop the European Semester process, with a particular emphasis on implementation (notably the 'two-pack' and coordination of action at all levels);
- Pursuing our trade agenda (notably through our negotiations on a transatlantic Trade and Investment partnership (TTIP) with the USA and with negotiations with other key partners such as Canada and Japan), and preparing the EU position on key international negotiations, such as the next Conference of the Parties to the United National Framework Convention on Climate Change (UNFCCC) framework and the post 2015 development agenda;
- Promoting a business-friendly environment, in particular for SMEs, by further simplifying and streamlining regulation, notably in the context of the on-going Regulatory Fitness and Performance Programme (REFIT) aimed at ensuring that all EU legislation is fit for purpose.

The EU should also remain fully engaged in pursuing our global objectives, ready to react to the short term but also committed to deepening our work with candidate countries, including the normalisation of relations between Serbia and Kosovo. Building political association and economic integration with our Eastern Partnership neighbours, assisting Southern Neighbourhood countries in their transition process and fostering closer ties with our strategic partners will remain a key priority.

New initiatives

In addition, the Commission will propose a focused number of new initiatives, aimed at reinforcing the competitiveness of the European economy, as well as framing climate and energy policy beyond 2020. We will also develop the ideas I set out today on the rule of law.

Examples of new initiatives under consideration include:

- The Communication on the social dimension of EMU
- Review of the financial supervision framework and reform of the structure of EU banks following the Liikanen report
- Follow-up on the long-term financing of the European economy
- Strengthening Europe's industrial base by reforming the internal market for industrial products and further initiatives to enhance the competitiveness of European industry.
- Completion of State Aid Modernisation to strengthen the internal market and promote better public spending
- A comprehensive approach to a European area of skills and qualifications
- Follow-up to the VAT strategy to cut business costs on VAT declarations
- Revising the social security coordination regulation

- *Completing the work to link national public employment services to address labour supply imbalances*
- *A quality framework on restructuring*
- *A new energy and climate framework for 2030*
- *Results of a review of waste policy*
- *A Communication on future initiatives in the field of justice and home affairs policies*
- *The visa regime for bona fide travellers*
- *The Enlargement and Neighbourhood packages for 2014*
- *Continuing to set the agenda for an ambitious follow-up to the Millennium Development Goals and bringing this together with the Sustainable Development Goals*
- *The EU's contribution to global maritime security*

Exploratory work will be undertaken in 2014 in areas including:

- *Freeing up access to markets and mobilising finance*
- *Increasing labour market participation and mobility, including for the regulated professions*
- *Completing the European Research Area*
- *Green technologies including energy storage and energy efficiency*
- *Empowering consumers in the internal energy market*
- *Evaluating EU legislation on health and safety at work*
- *Following up on the Commission's recent defence communication*
- *The future of the European Development Fund post-2020*

We will also be reflecting on the experience of the Europe 2020 strategy so far and considering whether we need adaptations to encourage the reforms needed to accelerate growth and create new jobs.


The evaluations and reviews being carried out under the REFIT programme will also trigger fresh thinking across EU policies.

Looking towards the future and reinforcing democratic accountability

Our current work should also allow us to look at what is essential for the future of Europe, in particular to develop thinking on deeper integration underpinned by reinforced democratic accountability. The presentation of longer-term ideas for the future of the European Union,

adding to the principles set out in our earlier Blueprint, will enable a real European debate before the elections for the European Parliament.

I look forward to the 2 October meeting of the College of Commissioners with the Conference of Committee Chairs and to my meeting on 3 October with the Conference of Presidents which will provide the input of the European Parliament before the Commission finalises its Work Programme for 2014.

A handwritten signature in black ink, consisting of a vertical line followed by a horizontal line that curves upwards at the end.

José Manuel BARROSO