STATE OF THE UNION 2018

by Jean-Claude Juncker, President of the European Commission
12 September 2018
Every year in September, the President of the European Commission delivers his State of the Union Address before the European Parliament, taking stock of achievements of the past year and presenting priorities for the year ahead. The President also sets out how the European Commission will address the most pressing challenges the European Union is facing. The speech is followed by a plenary debate. This kick-starts the dialogue with the European Parliament and the Council to prepare the Commission Work Programme for the following year.

Anchored in the Treaty of Lisbon, the State of the Union Address is set out in the 2010 Framework Agreement on relations between the European Parliament and the European Commission, which also requires the President to send a Letter of Intent to the President of the European Parliament and the Presidency of the Council detailing the actions the European Commission intends to take by means of legislation and other initiatives until the end of the following year.

Jean-Claude Juncker, the President of the European Commission, delivered his fourth State of the Union Address on 12 September 2018.

All material is available at http://ec.europa.eu/soteu2018.

This year’s speech comes in the lead up to the 2019 European elections and the ongoing debate about the future of the European Union at 27.
CONTENTS

Authorised version of the State of the Union Address 2018 .................................................. 5
Letter of Intent to President Antonio Tajani and to Chancellor Sebastian Kurz ............... 19
Progress on the European Commission's 10 Priorities ......................................................... 31
Policy Implementation Report ............................................................................................... 53
Roadmap for a more United, Stronger and More Democratic Union:
One Year on and Next Steps ................................................................................................. 69
A Modern Budget for a Union that Protects, Empowers and Defends:
The Multiannual Financial Framework for 2021-2027 ....................................................... 77
Progress in the Economic Situation ...................................................................................... 83
The European Fund for Strategic Investments ................................................................. 93
10 Years after the start of the financial crisis —
A Stronger, Safer and More Stable Financial Sector ............................................................ 99
Support for reforms in EU Member States ................................................................. 105
A New Chapter for Greece ................................................................................................. 111
EU-Japan Economic Partnership Agreement ................................................................... 117
The EU's key partnership with Africa ............................................................................... 123
The European Solidarity Corps ......................................................................................... 129
Better Regulation ............................................................................................................... 135
Delivering on What the EU Promised:
Enforcing More Effectively our Joint Decisions ............................................................... 139
Visits to National Parliaments ....................................................................................... 143
Citizens’ Dialogues ........................................................................................................... 147
The State of Public Opinion in the EU ........................................................................... 153
State of the Union Address 2018 (*) ............................................................................... 159

(*) as delivered
INTRODUCTION: A PERPETUAL RESPONSIBILITY

Mr President,
Honourable Members of the European Parliament,

At times, history moves forward only haltingly but it is always quick to pass us by.
Such is the fate of a Commission with just a five year mandate to make a real difference.
This Commission is merely a chapter, a brief moment in the long history of the European Union.
But the time has not yet come to pass judgement on the Commission I have the honour of presiding over.
This is why I will not today present you with an overview of the last four years’ achievements.
Instead, I say to you that our efforts will continue unabated. We will keep working to render this imperfect Union that little bit more perfect with each passing day.
There is much still to be done. And this is what I want to talk to you about this morning.
No self-congratulating, no boasting. Modesty and hard work: this is the attitude the Commission will continue to adopt. This is what is on our agenda for the months to come.
History can also show up, unannounced, in the life of nations and be slow to leave.
Such was the fate of Europe’s nations during the Great War starting in 1914. A war which took the sunny, optimistic and peaceful continent of the time by surprise.
In 1913, Europeans expected to live a lasting peace. And yet, just a year later, a brutal war broke out amongst brothers, engulfing the continent.
I speak of these times not because I believe we are on the brink of another catastrophe.
But because Europe is the guardian of peace.
We should be thankful we live on a peaceful continent, made possible by the European Union.
So let us show the European Union a bit more respect. Let us stop dragging its name through the mud and start defending our communal way of life more.

We should embrace the kind of patriotism that is used for good, and never against others. We should reject the kind of exaggerated nationalism that projects hate and destroys all in its path. The kind of nationalism that points the finger at others instead of searching for ways to better live together.

Living up to Europe’s rallying cry – never again war – is our eternal duty, our perpetual responsibility. We must all remain vigilant.
THE STATE OF OUR UNION IN 2018

EFFORTS THAT ARE BEARING FRUIT

Honourable Members of the European Parliament,

What is the State of the Union today, in 2018?

Ten years after Lehman Brothers, Europe has largely turned the page on an economic and financial crisis which came from outside but which cut deep at home.

Europe’s economy has now grown for 21 consecutive quarters.

Jobs have returned, with almost 12 million new jobs created since 2014. 12 million – that is more jobs than there are people in Belgium.

Never have so many men and women – 239 million people – been in work in Europe.

Youth unemployment is at 14.8%. This is still too high a figure but is the lowest it has been since the year 2000.

Investment is back, thanks notably to our European Fund for Strategic Investments, which some – less and less – still call the “Juncker Fund”. A Fund that has triggered 335 billion euro worth of public and private investment. We are closing in on 400 billion.

And then there is Greece: After what can only be described as some very painful years, marked by unprecedented social hardship – though also by unprecedented solidarity – Greece successfully exited its programme and is now back on its own two feet. I applaud the people of Greece for their Herculean efforts. Efforts which other Europeans continue to underestimate.

I have always fought for Greece, its dignity, its role in Europe, and its place inside the euro area. Of this I am proud.

Europe has also reaffirmed its position as a trade power. Our global trading position is the living proof of the need to share sovereignty. The European Union now has trade agreements with 70 countries around the world, covering 40% of the world’s GDP. These agreements – so often contested but so unjustly – help us export Europe’s high standards for food safety, workers’ rights, the environment and consumer rights far beyond our borders.

When, amidst dangerous global tensions, I went to Beijing, Tokyo and Washington in the space of one week last July, I was able to speak, as President of the European Commission, on behalf of the world’s biggest single market. On behalf of a Union accounting for a fifth of the world’s economy. On behalf of a Union willing to stand up for its values and interests.

I showed Europe to be an open continent. But not a naïve one.

The strength of a united Europe, both in principle and in practice, gave me the clout I needed to get tangible results for citizens and businesses alike.

United, as a Union, Europe is a force to be reckoned with.

In Washington, I spoke in Europe’s name. For some, the agreement I struck with President Trump came as a surprise. But it should be no surprise that Europe succeeds when it speaks with one voice.

When needed, Europe must act as one.
A GLOBAL RESPONSIBILITY

We proved this when relentlessly defending the Paris Agreement on climate change. We did this because, as Europeans, we want to leave a healthier planet behind for those that follow. I share our Energy Commissioner’s conclusions when it comes to our targets for reducing CO2 emissions by 2030. They are both scientifically accurate and politically indispensable.

This summer’s droughts are a stark reminder – not only for farmers – of just how important that work is to safeguard the future for generations of Europeans. We cannot turn a blind eye to the challenge in front of our noses. We – Commission and Parliament – must look to the future.

Honourable Members of the European Parliament,

The world has not stopped turning. It is more volatile than ever. The external challenges facing our continent are multiplying by the day.

There can therefore be not a moment’s respite in our efforts to build a more united Europe.

Europe can export stability, as we have done with the successive enlargements of our Union. For me, these are and will remain success stories – for we were able to reconcile Europe’s history and geography.

But there is more to be done. We must find unity when it comes to the Western Balkans – once and for all. Should we not, our immediate neighbourhood will be shaped by others.

Take a look around. What is happening in Idlib in Syria now must be of deep and direct concern to us all. We cannot remain silent in face of this impending humanitarian disaster – which appears now all but inevitable.

The conflict in Syria is a case in point for how the international order that served Europeans so well after the Second World War is being increasingly called into question.

In today’s world, Europe can no longer be certain that words given yesterday can still be counted on today. That old alliances may not look the same tomorrow.
THE HOUR OF EUROPEAN SOVEREIGNTY

Ladies and Gentlemen,

The world today needs a strong and united Europe.

A Europe that works for peace, trade agreements and stable currency relations, even as some become more prone to trade and currency wars. I am not in favour of a selfish unilateralism that defies expectations and dashes hopes. I will always champion multilateralism.

If Europe were to unite all the political, economic and military might of its nations, its role in the world could be strengthened. We will always be a global payer but it is time we started being a global player too.

This is why – despite great resistance at the time – I reignited the idea of a Europe of Defence as early as 2014. And this is why I will continue to work day and night over the next months to see the European Defence Fund and Permanent Structured Cooperation in Defence become fully operational.

Allow me to clarify one important point: we will not militarise the European Union. What we want is to become more autonomous and live up to our global responsibilities.

Only a strong and united Europe can protect our citizens against threats internal and external – from terrorism to climate change.

Only a strong and united Europe can protect jobs in an open, interconnected world.

Only a strong and united Europe can master the challenges of global digitisation.

It is because of our single market – the largest in the world – that we can set standards for big data, artificial intelligence, and automation. And that we are able to uphold Europeans’ values, rights and identities in doing so. But we can only do so if we stand united.

A strong and united Europe is what allows its Member States to reach for the stars. It is our Galileo programme that is today keeping Europe in the space race. No single Member State could have put 26 satellites in orbit, for the benefit of 400 million users worldwide.

Mr President,

The geopolitical situation makes this Europe’s hour: the time for European sovereignty has come. It is time Europe took its destiny into its own hands. It is time Europe developed what I coined “Weltpolitikfähigkeit” – the capacity to play a role, as a Union, in shaping global affairs. Europe has to become a more sovereign actor in international relations.

European sovereignty is born of Member States’ national sovereignty and does not replace it. Sharing sovereignty – when and where needed – makes each of our nation states stronger.
This belief that “united we stand taller” is the very essence of what it means to be part of the European Union.

European sovereignty can never be to the detriment of others. Europe is a continent of openness and tolerance. It will remain so.

Europe will never be a fortress, turning its back on the world or those suffering within it. Europe is not an island. It must and will champion multilateralism. The world we live in belongs to all and not a select few.

This is what is at stake when Europeans take to the polls in May next year. We will use the 250 days before the European elections to prove to citizens that, acting as one, this Union is capable of delivering on expectations and on what we promised to achieve at the start of this mandate.

By the elections, we must show that Europe can overcome differences between North and South, East and West, left and right. Europe is too small to let itself be divided in halves or quarters.

We must show that together we can plant the seeds of a more sovereign Europe.

DELIVERING ON OUR PROMISES

Honourable Members of the European Parliament,

Europeans taking to the polls in May 2019 will not care that the Commission made a proposal to make internet giants pay taxes where they create their profits – they want to see it happening for real. And they are right.

Europeans taking to the polls in May 2019 will not care about the Commission’s good intention to crack down on single-use plastics to protect our oceans against marine litter – they will want to see a European law in force that bans these plastics, which is what the Commission has proposed.

We all say in soap-box speeches that we want to be big on big things and small on small things. But there is no applause when EU law dictates that Europeans have to change the clocks twice a year. The Commission is today proposing to change this. Clock-changing must stop. Member States should themselves decide whether their citizens live in summer or winter time. It is a question of subsidiarity. I expect the Parliament and Council will share this view. We are out of time.

This is why I am today calling on all to work closely together over the next months, so that we can jointly deliver on what we have promised – before the European Parliament elections.

At the beginning of this mandate, we all collectively promised to deliver a more innovative Digital Single Market, a deeper Economic and Monetary Union, a Banking Union, a Capital Markets Union, a fairer Single Market, an Energy Union with a forward-looking climate policy, a comprehensive Migration Agenda, and a Security Union. And we – or at least most of us – agreed that Europe’s social dimension should be given the Cinderella treatment no more, but should instead be geared towards the future.

The Commission has put all the proposals and initiatives we announced in 2014 on the table. Half of these have already been agreed by Parliament and Council, 20% are on well on the way and 30% are still under discussion – difficult discussion at that.
Ladies and Gentlemen,

I cannot accept that the blame for every failure – and there have been a few – is laid solely at the Commission’s door. Our proposals are there for all to see. They need to be adopted and implemented. I will continue to resist all attempts to blame the Commission alone. There are scapegoats to be found in all three institutions – with the fewest in Commission and Parliament.

Leadership is what is needed now. This is notably the case when it comes to completing our Security Union. Europeans rightly expect their Union to keep them safe. This is why the Commission is today proposing new rules to get terrorist content off the web within one hour – the critical window in which the greatest damage is done. And we are proposing to extend the tasks of the newly established European Public Prosecutor’s Office to include the fight against terrorist offences. We need to be able to prosecute terrorists in a more coordinated way, across our Union. Terrorists know no borders. We cannot allow ourselves to become unwitting accomplices because of our inability to cooperate.

In the same vein, we have also today proposed measures to fight money laundering more effectively across our borders.

We must protect our free and fair elections. This is why the Commission is today proposing new rules to better protect our democratic processes from manipulation by third countries or private interests.

Leadership and a spirit of compromise are of course very much needed when it comes to migration. We have made more progress than is often acknowledged. Five of the seven Commission’s proposals to reform our Common European Asylum System have been agreed. Our efforts to manage migration have borne fruit: arrivals have been drastically reduced – down 97% in the Eastern Mediterranean and 80% in the Central Mediterranean. EU operations have helped rescue over 690,000 people at sea since 2015.

However, Member States have not yet found the right balance between the responsibility each must assume on its own territory; and the solidarity all must show if we are to get back to a Schengen area without internal borders. I am and will remain strictly opposed to internal borders. Where borders have been reinstated, they must be removed. Failure to do so would amount to an unacceptable step back for the Europe of today and tomorrow.

The Commission and several Council presidencies have put numerous compromise solutions on the table. I call on the Council presidency to now make the decisive step to broker a sustainable solution on a balanced migration reform.

We cannot continue to squabble to find ad-hoc solutions each time a new ship arrives. Temporary solidarity is not good enough. We need lasting solidarity – today and forever more.

We need more solidarity not for solidarity’s sake but for the sake of efficiency. This is true in the case of our civil protection mechanism. When fires rage in one European country, all of Europe burns. The most striking images from this summer were not only those of the formidable fires but of the Swedish people greeting Polish firefighters coming to their aid – Europe at its best.

Turning back to migration: the Commission is today proposing to further strengthen the European Border and Coast Guard to better protect our external borders with an additional 10,000 European border guards by 2020.
We are also proposing to **further develop the European Asylum Agency** to make sure that Member States get more European support in processing asylum seekers in line with the Geneva Convention.

And we are proposing to **accelerate the return of irregular migrants**. The Commission is committed to supporting Member States in doing so.

I would also like to remind Member States again of the need to open **legal pathways** to the Union. I renew my call. We need skilled migrants. Commission proposals addressing this issue have been on the table for some time and must now be taken up.

Mr President,

To speak of the future, one must speak of **Africa** – Europe’s twin continent.

Africa is the future: By 2050, Africa’s population will number 2.5 billion. One in four people on earth will be African.

We need to invest more in our relationship with the nations of this great and noble continent. And we have to stop seeing this relationship through the sole prism of development aid. Such an approach is beyond inadequate, humiliatingly so.

**Africa does not need charity, it needs true and fair partnerships. And Europe needs this partnership just as much.**

In preparing my speech today, I spoke to my African friends, notably Paul Kagame, the Chairperson of the African Union. We agreed that donor-recipient relations are a thing of the past. We agreed that **reciprocal commitments are the way forward**. We want to build a new partnership with Africa.

Today, we are proposing a **new Alliance for Sustainable Investment and Jobs between Europe and Africa**. This Alliance – as we envision it – would help create up to 10 million jobs in Africa in the next 5 years alone.

We want to create a framework that brings more private investment to Africa. We are not starting from scratch: our External Investment Plan, launched two years ago, will mobilise over €44 billion in both the public and private investment. Alone the projects already in the pipeline will unlock €24 billion.

We want to focus our investment where it matters the most. By 2020, the EU will have supported 35,000 African students and researchers with our Erasmus programme. By 2027, this figure should reach 105,000.

Trade between Africa and Europe is not insignificant. 36% of Africa’s trade is with the European Union. This compares to 16% for China and 6% for the United States. But this is not enough.

**I believe we should develop the numerous European-African trade agreements into a continent-to-continent free trade agreement, as an economic partnership between equals.**
Mr President,
Ladies and Gentlemen,

Another issue where I see a strong need for the Union for leadership is Brexit. I will not enter into the details of the negotiations, which are being masterfully handled by my friend Michel Barnier. He works on the basis of a unanimous position confirmed time and again by the 27 Member States. However, allow me to recall three principles which should guide our work on Brexit in the months to come.

First of all, we respect the British decision to leave our Union, even though we continue to regret it deeply. But we also ask the British government to understand that someone who leaves the Union cannot be in the same privileged position as a Member State. If you leave the Union, you are of course no longer part of our single market, and certainly not only in the parts of it you choose.

Secondly, the European Commission, this Parliament and all other 26 Member States will always show loyalty and solidarity with Ireland when it comes to the Irish border. This is why we want to find a creative solution that prevents a hard border in Northern Ireland. But we will equally be very outspoken should the British government walk away from its responsibilities under the Good Friday Agreement. It is not the European Union, it is Brexit that risks making the border more visible in Northern Ireland.

Thirdly, after 29 March 2019, the United Kingdom will never be an ordinary third country for us. The United Kingdom will always be a very close neighbour and partner, in political, economic and security terms.

In the past months, whenever we needed unity in the Union, Britain was at our side, driven by the same values and principles as all other Europeans. This is why I welcome Prime Minister May’s proposal to develop an ambitious new partnership for the future, after Brexit. We agree with the statement made in Chequers that the starting point for such a partnership should be a free trade area between the United Kingdom and the European Union.

On the basis of these three principles, the Commission’s negotiators stand ready to work day and night to reach a deal. We owe it to our citizens and our businesses to ensure the United Kingdom’s withdrawal is orderly and that there is stability afterwards. It will not be the Commission that will stand in the way of this, I can assure you of that.
A STRONG PERSPECTIVE FOR THE FUTURE

Honourable Members of the European Parliament,

There is much work to be done before the European elections and before Europe’s Leaders meet in Sibiu, Romania on 9 May 2019.

Sibiu is the moment we must offer all Europeans a strong perspective for the future.

Europeans deserve better than uncertainty and confused objectives. They deserve clarity of intent, not approximations or half-measures.

This is what is at stake on the road to Sibiu – a summit that will take place just six weeks after Brexit and two weeks before the European elections.

By then we must have ratified the EU-Japan partnership agreement – for reasons as much economic as geopolitical.

By then, we should also have brokered an agreement in principle on the EU budget after 2020.

If we want to give young Europeans the opportunity to make the most of our Erasmus programme – which we must – then we must decide on this aspect, amongst others, of the budget.

If we want to give our researchers and start-ups more opportunities, and prevent funding gaps costing jobs, we have to decide before the elections.

If we want to – without militarising the European Union – to increase defence spending by a factor of 20, we will need to decide quickly.

If we want to increase our investment in Africa by 23%, we must decide quickly.

By next year, we should also address the international role of the euro. The euro is 20 years young and has already come a long way – despite its critics.

It is now the second most used currency in the world with 60 countries linking their currencies to the euro in one way or another. But we must do more to allow our single currency to play its full role on the international scene.

Recent events have brought into sharp focus the need to deepen our Economic and Monetary Union and build deep and liquid capital markets. The Commission has made a series of proposals to do just that – most of which now await adoption by Parliament and Council.

But we can and must go further. It is absurd that Europe pays for 80% of its energy import bill – worth 300 billion euro a year – in US dollar when only roughly 2% of our energy imports come from the United States. It is absurd that European companies buy European planes in dollars instead of euro.

This is why, before the end of the year, the Commission will present initiatives to strengthen the international role of the euro. The euro must become the face and the instrument of a new, more sovereign Europe. For this, we must first put our own house in order by strengthening our Economic and Monetary Union, as we
have already started to do. Without this, we will lack the means to strengthen the international role of the euro. We must complete our Economic and Monetary Union to make Europe and the euro stronger.

Last but not least, by Sibiu I want to make visible progress in strengthening our foreign policy. We must improve our ability to speak with one voice when it comes to our foreign policy.

It is not right that our Union silenced itself at the United Nations Human Rights Council when it came to condemning human rights abuses by China. And this because not all Member States could agree.

It is not right that one Member State was able to hold the renewal of our arms embargo on Belarus to ransom, or that sanctions on Venezuela were delayed for months when unanimity could not be reached.

This is why today the Commission is proposing to move to qualified majority voting in specific areas of our external relations. I repeat what I said last year on this matter. We should move to qualified majority voting not in all but in specific areas: human rights issues and civilian missions included. This is possible on the basis of the current Treaties and I believe the time has come to make use of this “lost treasure” of the Lisbon Treaty.

I also think we should be able to decide on certain tax matters by qualified majority.

Mr President,

I would like to say a few words about the increasingly worrying way in which we air our disagreements. Heated exchanges amongst governments and institutions are becoming more and more common. Harsh or hurtful words will not get Europe anywhere.

The tone is not only worrying when it comes to political discourse. It is also true of the way some seek to shut down debate altogether by targeting media and journalists. Europe must always be a place where freedom of the press is sacrosanct. Too many of our journalists are intimidated, attacked, or even murdered. We must do more to protect our democracy and its agents – our journalists.

In general, we must do more to revive the lost art of compromise. Compromise does not mean sacrificing our convictions or selling out on our values.

The Commission will resist all attacks on the rule of law. We continue to be very concerned by the developments in some of our Member States. Article 7 must be applied whenever the rule of law is threatened.

First Vice-President Timmermans is doing a remarkable but often lonely job of defending the rule of law. The whole Commission, and I personally, support him fully.

But we need to be very clear on one point: judgements from the Court of Justice must be respected and implemented. This is vital. The European Union is a community of law. Respecting the rule of law and abiding by Court decisions are not optional.
CONCLUSION

Mr President,

Honourable Members of the European Parliament,

I started this speech – my last State of the Union though surely not my last speech – by talking about history. I spoke of both the events that have marked this Commission’s time in office and of history writ large, the History of Europe.

We are all responsible for the Europe of today. And we must all take responsibility for the Europe of tomorrow.

Such is history: parliaments and Commissions come and go, Europe is here to stay. But for Europe to become what it must, there are several lessons to be learnt.

I want Europe to get off the side-lines of world affairs. Europe can no longer be a spectator or a mere commentator of international events. Europe must be an active player, an architect of tomorrow’s world.

There is strong demand for Europe throughout the world. To meet such high demand, Europe will have to speak with one voice on the world stage. In the concert of nations, Europe’s voice must ring clear in order to be heard. Federica Mogherini has made Europe’s diplomacy more coherent. But let us not slide back into the incoherence of competing and parallel national diplomacies. Europe diplomacy must be conducted in the singular. Our solidarity must be all-embracing.

I want us to do more to bring together the East and West of Europe. It is time we put an end to the sorry spectacle of a divided Europe. Our continent and those who brought an end to the Cold War deserve better.

I would like the European Union to take better care of its social dimension. Those that ignore the legitimate concerns of workers and small businesses undermine European unity. It is time we turned the good intentions that we proclaimed at the Gothenburg Social Summit into law.

I would like next year’s elections to be a landmark for European democracy. I would like to see the Spitzenkandidaten process – that small step forward for European democracy – repeated. For me, this process would be made all the more credible if we were to have transnational lists. I hope these will be in place by the next European elections in 2024 at the latest.

But above all, I would like us to reject unhealthy nationalism and embrace enlightened patriotism. We should never forget that the patriotism of the 21st Century is two-fold: both European and national, with one not excluding the other.

“Europe’s Leaders meet in Sibiu, Romania on 9 May 2019. Sibiu is the moment we must offer all Europeans a strong perspective for the future.”
As the French philosophe Blaise Pascal said: I like things that go together. In order to stand on its own two feet, Europe must move forward as one. **To love Europe, is to love its nations. To love your nation is to love Europe.** Patriotism is a virtue. Unchecked nationalism is riddled with both poison and deceit.

In short, we must remain true to ourselves.

The trees we plant today must provide shade for our great grand-children whether they hail from East or West, from South or North. To give them all they need to grow and breathe easily.

A few years ago, standing in this very same spot, I told you that Europe was the love of my life. I love Europe still and shall do so forever more.

Jean-Claude Juncker
STATE OF THE UNION 2018
LETTER OF INTENT TO
PRESIDENT ANTONIO TAJANI AND
TO CHANCELLOR SEBASTIAN KURZ
Strasbourg, 12 September 2018

Dear President Tajani,

Dear Chancellor Kurz,

The European Union is facing a decisive moment. There are just over 250 days to go until the European Parliament elections of 23-26 May 2019, the biggest democratic exercise of our continent. Thanks to our joint efforts in recent years, we have managed to put the financial and economic crisis behind us. Ten years after Lehman Brothers, the European Union is experiencing its 21st consecutive quarter of growth, and unemployment has fallen to pre-crisis levels, even though it is still too high in a number of Member States. However, even if the European Union has overcome the financial and economic consequences of the crisis, the scars in our societies and democracies still run deep. In addition, an increasingly volatile global situation is making working for a European Union capable of protecting, empowering and defending our citizens more necessary than ever.

There can therefore be no respite in our work to build a more united, stronger and more democratic Europe. We must continue to work hard in the remainder of this year and throughout 2019 to advance on our Roadmap to Sibiu which found strong support in the European Parliament and was taken up in the Leaders’ Agenda.

There are three things we must now focus on:

✓ overcoming the challenges that are holding us back; and
✓ giving the European Union a perspective for the future;
✓ delivering what we have promised;

The first priority for all three institutions – European Parliament, Council and Commission – must be to swiftly agree the legislative proposals still pending, and this in time before the European Parliament elections. These proposals reflect the 10 priorities of our Agenda for Jobs, Growth, Fairness and Democratic Change, agreed in July 2014, rooted in the European Council’s Strategic Agenda for the Union in Times of Change, intensively discussed with political groups in the European Parliament and progressively developed ever since. The Commission has delivered all the legislative proposals we committed to making on the 10 priorities. Together, we have found agreement on 50 % of these, and a further 20 % are well advanced in the legislative process. It is essential that by the European Parliament elections, we deliver on our joint commitments, notably when it comes to completing the Single Market (including its enhanced social dimension), the Digital Single Market, the Energy Union with its forward-looking climate policy, the Banking Union, the Capital Markets Union, and the Security Union. The Commission will mobilise its resources to support you every step of the way, and we will ensure the personal presence of Commissioners at trilogue meetings whenever possible. To ensure that Parliament and Council can fully focus on what is already on the table, the Commission is today making only a very limited number of new proposals. These final proposals of our mandate aim to strengthen, complement or adjust areas we have already started to work on. Given their clear European added value, we believe that they will find the necessary support in the Parliament and the Council, making swift adoption possible.
Beyond this, there are several important outstanding challenges which we need to deal with collectively and decisively. In spite of differences of views, we need to complete the work in the area of migration to achieve as soon as possible a well-functioning Common European Asylum System based on the principles of responsibility and solidarity. Concrete steps are also needed to reinforce our Economic and Monetary Union. This will help make us more resilient within the European Union which will in turn bolster the international role of the euro. We have to address increasing tensions in the global trading system in a way that preserves and strengthens the rules-based international system which the European Union wants to remain at the heart of; swift ratification of the EU-Japan Economic Partnership Agreement will be a very powerful sign of this commitment. We also have to face up to continued challenges to the Rule of Law in some of our Member States. Last but not least, we want to find agreement with the United Kingdom to ensure its orderly withdrawal from the Union on 29 March 2019, while opening a clear perspective for a close future partnership with a country that will always remain our neighbour and close ally.

To give the European Union a perspective for the future, we should prepare the Summit in Sibiu on 9 May 2019 very well. The Sibiu Summit will take place six weeks after Brexit, and two weeks before the European Parliament elections. This will therefore be a crucial moment for EU Leaders to provide renewed confidence in the future of the new Union of 27. It is with this in mind that, in May, the Commission tabled a modern, fair and balanced proposal for the next Multiannual Financial Framework for the Union of 27. We propose a simpler, more streamlined and flexible budget which reflects the political priorities agreed in the Bratislava Roadmap and the Rome Declaration. A political agreement on the overall framework before the European Parliament elections will be a powerful statement of intent. The Commission will also come forward with an initiative to strengthen the international role of the euro, to make it the protecting and uniting force it was conceived to be and to ensure that our single currency speaks more firmly and with one voice on the world scene. For the Union to be an effective and sovereign global actor, we will also need the right decision-making tools for our Common Foreign and Security Policy. The Commission is therefore today proposing an enhanced use of qualified majority voting in several targeted areas of our external action. Initiatives to give a perspective to the future of the Union also include work on the future of our climate and energy policies and a further reinforcement of mechanisms to protect and defend the Rule of Law in all our Member States.

The following list sets out in detail the pending proposals which we need to adopt swiftly; and the new and complementary initiatives that are being presented together with or as a follow-up to the 2018 State of the Union Address. These are, as in the past, grouped under the 10 priorities of our joint agenda.

***

Key initiatives

Priority 1: A new boost for jobs, growth and investment

Initiatives for delivery before the European Parliament elections

- ***Agreement in principle – by the Sibiu summit on 9 May 2019 – on the comprehensive proposal for the future Multiannual Financial Framework beyond 2020, as well as the greatest possible progress and where possible agreement by the co-legislators on the proposals for the next generation of programmes.***
- *** Adoption by the co-legislators of the Circular Economy package proposals on reducing the impact of certain plastic products on the environment; on waste water reuse; and on drinking water.

- *** Adoption by the co-legislators of the proposal on accessibility requirements for products and services (European Accessibility Act).

New initiatives

- Communication on the Investment Plan for Europe: stock-taking and next steps.


Priority 2: A connected Digital Single Market

Initiatives for delivery before the European Parliament elections

- *** Adoption by the co-legislators of the remaining legislative proposals aimed at completing the Digital Single Market, including: the Copyright Package; the Cybersecurity proposals including the strengthening of the Agency for Network and Information Security (ENISA); the e-Privacy proposal; the proposal on online platforms to safeguard a fair, predictable, sustainable and trusted business environment in the online economy; the proposals on contracts for the online and other distance sales of goods and concerning contracts for the supply of digital content; the proposals to establish the Joint Undertaking on High Performance Computing, on the re-use of Public Sector Information and on the implementation and functioning of the .eu Top Level Domain name.

- Adoption by the co-legislators of the proposal establishing the European Cybersecurity Industrial, Technology and Research Competence Network Centre (presented today).

New initiatives

- Coordinated Plan on the development of Artificial Intelligence in Europe.

- Action Plan on Disinformation.

- Commission Recommendation to establish a format for European Electronic Health Record Exchange.

Priority 3: A resilient Energy Union with a forward-looking climate change policy

Initiatives for delivery before the European Parliament elections

- *** Adoption by the co-legislators of the Commission proposals to implement the Energy Union and Climate Change policy, including: the remaining proposals of the Clean Energy for all Europeans package; the proposal on common rules for gas pipelines entering the European gas market; the Europe on the Move packages; and the Mobility and Climate Change package.
New initiatives

- *** Strategy for long-term EU greenhouse gas emissions reduction in accordance with the Paris Agreement (in advance of the Katowice Climate Change Conference on 3-14 December).


- * Proposal to adapt references to EU energy efficiency targets (expressed in absolute values) for 2030 to an EU at 27 (Brexit preparedness legislation).

Further initiatives to give perspective for the future of the Union

- Reflection Paper ‘Towards a Sustainable Europe by 2030, on the follow-up to the UN Sustainable Development Goals, including on the Paris Agreement on Climate Change’.

- Towards a new institutional framework for our energy and climate policy by 2025: options for enhanced qualified majority voting and for a possible reform of the Euratom Treaty.

Priority 4: A deeper and fairer Internal Market with a strengthened industrial base

Initiatives for delivery before the European Parliament elections

- *** Adoption by the co-legislators of the proposals addressing the social dimension of the European Union, notably the proposals on: the European Labour Authority; the modernisation of the rules for the coordination of social security systems; protection of workers from the risks related to exposure to carcinogens or mutagens at work (second and third revisions); proposals to improve the transparency and legal predictability of working conditions (revision of the Written Statement Directive); work-life balance and the modification of the founding Regulations of the Tripartite Agencies (Eurofound, EU-OSHA and Cedefop).

- *** Adoption of the proposals on Fair Taxation in the digital economy; on the Common Consolidated Corporate Tax Base; and on the creation of a single EU Value Added Tax definitive regime.

- *** Adoption by the co-legislators of the Capital Markets Union proposals, notably: the Pan-European Personal Pension Product; the amendments to the European Market Infrastructure Regulation; the revision and reinforcement of the tasks, governance and financing of the European Supervisory Authorities; the sustainable finance proposals; and the recommendation from the European Central Bank to amend Article 22 of the Statute of the European System of Central Banks and of the European Central Bank.

- *** Adoption by the co-legislators of the proposal on Anti-Money Laundering with targeted changes to the three Regulations establishing the European Supervisory Authorities (presented today).
- Adoption by the co-legislators of the remaining Single Market Strategy proposals, notably the services and goods packages and the proposal amending the Regulation on Supplementary Protection Certificates.

- Adoption by the co-legislators of the proposal on business insolvency, restructuring and second chance.

- * Adoption by the co-legislators of the proposals on the location of the seat of the European Banking Authority and of the European Medicines Agency (Brexit preparedness legislation).

- * Adoption by the co-legislators of the proposal on EU type-approval legislation for motor vehicles (Brexit preparedness legislation).

- * Adoption by the co-legislators of the proposals designing a new maritime route to link Ireland with the continental part of the North Sea-Mediterranean corridor of the Trans-European Transport Network as well as transferring the sponsorship from the United Kingdom to an EU27 Member State for the periodic assessments of ship inspection and survey organisations recognised at Union level by the Commission (Brexit preparedness legislation).

New initiatives

- *** Single Market Communication with an assessment of remaining barriers and options for action to tackle these barriers (November 2018).

- Communication on a comprehensive European Union framework on endocrine disruptors.

Further initiatives to give perspective for the future of the Union

- *** More efficient law-making in the field of taxation: identification of areas for a move to qualified majority voting (January/February 2019).

- *** More efficient law-making in social policy: identification of areas for an enhanced use of qualified majority voting (January/February 2019).

Priority 5: A deeper and fairer Economic and Monetary Union

Initiatives for delivery before the European Parliament elections

- ** Adoption by the co-legislators of the proposals complementing the Banking Union, notably the risk reduction proposals; the package on the reduction of non-performing loans; and the European Deposit Insurance Scheme.

- *** Adoption of the proposals under the Economic and Monetary Union package, notably the progressive transformation of the European Stability Mechanism into a European Monetary Fund; the creation of a dedicated euro area budget line within the EU budget providing for (1) structural reform assistance building on the Commission’s structural reform support programme, (2) a stabilisation function, (3) a backstop for the Banking Union, and (4) a convergence instrument to give pre-accession assistance to Member States with a derogation on their way towards adoption of the single currency.
- Adoption of the proposal for progressively establishing unified representation of the euro area in the International Monetary Fund.

Further initiatives to give perspective for the future of the Union

- *** Communication on strengthening the international role of the euro (before the end of the year).

Priority 6: Trade: A balanced and progressive trade policy to harness globalisation

Initiatives for delivery before the European Parliament elections

- *** Conclusion of the Economic Partnership Agreement with Japan.
- Signature and conclusion of the Free Trade Agreement and the Investment Protection Agreement with Singapore.
- Signature and conclusion of the modernised Global Agreement with Mexico.
- Signature of the Free Trade Agreement and the Investment Protection Agreement with Vietnam.
- Finalisation of the negotiations for an Association Agreement with MERCOSUR and a modernised Association Agreement with Chile.
- Rapid progress on negotiations with Australia and New Zealand.
- *** Adoption by the co-legislators of the proposal on the screening of foreign direct investment in the EU and of the amended proposal concerning an International Procurement Instrument.
- * Adoption by the co-legislators of the proposal on the apportionment of tariff rate quotas included in the World Trade Organisation schedule of the Union (Brexit preparedness legislation).

Priority 7: An area of Justice and Fundamental Rights based on mutual trust

Initiatives for delivery before the European Parliament elections

- *** Adoption by the co-legislators of the proposals to deliver on the European Agenda on Security, notably on interoperability between EU information systems for security, border and migration management; cross-border access of law enforcement authorities to electronic evidence; marketing and use of explosive precursors; facilitating cross-border access to and use of financial data by law enforcement authorities; and combating fraud and counterfeiting of non-cash means of payment.
- *** Adoption by the co-legislators of the proposal for a Regulation on the prevention of the dissemination of terrorist content online (presented today).
- *** Adoption by the European Council of the extension of the mandate of the European Public Prosecutor’s Office to cross-border terrorism (presented today).
Adoption by the co-legislators of the proposals concerning the European Criminal Records Information System (ECRIS).

Adoption by the co-legislators of the New Deal for Consumers package, aimed at facilitating coordination and effective action from national consumer authorities at EU level and reinforcing public enforcement action and better protection of consumer rights.

Adoption by the co-legislators of the proposal on the protection of persons reporting on breaches of Union law (‘whistleblower protection proposal’).

Adoption by the co-legislators of the proposal on the European Union Civil Protection Mechanism (RescEU).

Adoption by the co-legislators of the proposal for a Regulation amending Regulation (EU, Euratom) No 1141/2014 as regards a verification procedure related to infringements of personal data in the context of the European Parliament elections (presented today), accompanied by a Commission Recommendation on election cooperation networks, online transparency and protection against cybersecurity incidents in the context of the European Parliament elections (presented today); a Communication on free and fair European elections (presented today); and a guidance document on the application of Union data protection law in the electoral context (presented today).

Further initiatives to give perspective for the future of the Union

Further strengthening of the 2014 Rule of Law framework.

Priority 8: Towards a new policy on Migration

Initiatives for delivery before the European Parliament elections

Adoption by the co-legislators of the reform of the Dublin system and the Asylum Procedures Regulation, which should allow the related files (for which political agreement was reached in trilogues) to also be concluded, specifically: the setting-up of a new Asylum Agency; the reform of Eurodac; the review of the Reception Conditions Directive; the Asylum Qualifications Regulation and the EU Resettlement framework.

Adoption by the co-legislators of the proposal to further strengthen the capacities of the European Border and Coast Guard Agency, enabling it to establish a standing corps of 10,000 EU border guards by 2020, strengthening its powers in the field of return and allowing it to operate in partner countries outside the EU (presented today).

Adoption by the co-legislator of the proposal to further strengthen the European Union Asylum Agency (presented today).

Adoption by the co-legislators of the proposal to further strengthen and enhance the coherence and effectiveness of our return policy, ensure swift returns of those not entitled to international protection and reduce the incentives for irregular migration (presented today).
- *** Adoption by the co-legislators of the proposal on entry and residence of third-country nationals for the purpose of highly skilled employment (‘Blue Card proposal’), taking the Communication on legal pathways for migration into account (presented today).

- Adoption by the co-legislators of the proposals on the revision of the Community Code on Visas; the Visa Information System; and the Immigration Liaison Officers Regulation.

- Adoption by the co-legislators of the proposal to update the Schengen Borders Code.

New initiatives

- Communication on Visa Reciprocity.

- * Proposal to place the United Kingdom on either the ‘visa required’ list of third countries or the ‘visa free’ list (Brexit preparedness legislation).

Priority 9: A stronger global actor

Initiatives for delivery before the European Parliament elections

- *** Follow-up by the European Council, the European Parliament and the Council to the Commission’s initiative calling for a more efficient decision-making for the EU’s Common Foreign and Security Policy (presented today).

- *** Communication on a new Africa-Europe Alliance for Sustainable Investment and Jobs (presented today).

- Communication ‘Towards a more efficient architecture for investment outside the European Union’ (presented today).

New initiatives

- EU Strategy on connecting Europe and Asia (ahead of the Asia-Europe Summit).

Priority 10: A Union of democratic change

Initiatives for delivery before the European Parliament elections

- *** Adoption by the co-legislators of the reform of the European Citizens’ Initiative Regulation.

- *** Adoption by the co-legislators of the proposed reform of the Comitology Regulation.

- *** Subsidiarity: Adoption by the co-legislators of the proposal to reform the Summer-Time Directive, to abolish the EU-requirement to change the clock twice a year, taking into account Member States’ power to choose their time zone, in a coordinated way amongst neighbouring Member States (presented today).
- Adoption by the co-legislators of the proposals on alignment of existing legislation providing for the use of the regulatory procedure with scrutiny to Articles 290 (delegated acts) and 291 TFEU (implementing acts).

Further initiatives to give perspective for the future of the Union

- Communicating Europe (Communication on how to make the Union more united, stronger and more democratic in communication terms).

***

The 2018 State of the Union Address and this Letter of Intent lay the ground for a shared commitment by our three institutions to deliver decisively on our promises. This commitment will demonstrate to Europeans the European Union’s added value in this crucial period in the run-up to the European Parliament elections. What we have presented today takes account of the input received from the European Parliament and the Council, and it is a starting point for the interinstitutional dialogue under the Framework Agreement on relations between the European Parliament and the Commission and the Interinstitutional Agreement on Better Law-making. We are strongly committed to this important interaction with the European Parliament and the Council, as well as with national Parliaments. We believe that our exchanges will provide a solid basis for the decisive year ahead. To help us deliver on our commitments, address several significant outstanding challenges and give Europeans a perspective for the future of the Union. The Commission is and will remain strongly committed to working on the basis of our better regulation principles. We want to be big on big things and small on small things. The principles of subsidiarity and proportionality will guide all our actions. We will base our decision-making on sound evidence, and we stand ready to make political choices whenever needed.

2019 will be a crucial year for the Union and its place in this ever more uncertain world. We cannot pause for a second in showing to our citizens that the European Union is there to protect, empower and defend them. That together, we can achieve a more united, stronger and more democratic Union. That together, we can shape the world, export stability, notably to the Western Balkans, and defend the rules-based international order and our values. You can count on the Commission, as a political institution backed by a very hard-working civil service, as a driving force in this crucial year. And we are counting on you to join us to make the Sibiu Summit on 9 May 2019 a strong moment of delivery.
STATE OF THE UNION 2018
PROGRESS ON THE EUROPEAN COMMISSION’S 10 PRIORITIES
1/ A New Boost for Jobs, Growth and Investment

‘My first priority as Commission President will be to strengthen Europe's competitiveness and to stimulate investment for the purpose of job creation.’

Jean-Claude Juncker, Political Guidelines, 15 July 2014

Europe’s economy is performing well: growth reached a 10-year peak in 2017 and is set to remain strong. Employment and investment have returned to pre-crisis levels and the state of public finances has significantly improved.

When the Juncker Commission took office in the aftermath of the economic crisis, it made the promise to get more people into work. Together with Member States it has delivered on that promise. More Europeans are employed than ever before, with almost 239 million people now having a job. About 12 million new jobs have been created since the start of the Juncker Commission. Youth unemployment has decreased significantly and it is at its lowest in 20 years. More than 3.5 million young people have been supported by the Youth Guarantee each year, receiving an offer of employment, continued education, a traineeship or an apprenticeship. Boosting youth employment will remain a priority under the next EU Multiannual Financial Framework as well: the Commission recently proposed that Member States with a significant number of young people not in employment, education or training invest at least 10% of their European Social Fund Plus (ESF+) resources to measures helping young people find a job.

But it is not only the quantity of jobs that matters — it is about quality too. Demographic change, automation and digitalisation are changing the world of work, and we must make sure labour markets and social welfare systems are fit for purpose. Building on the European Pillar of Social Rights, the Commission has proposed to guarantee predictable and transparent working conditions for people in non-standard forms of employment, and ensure that all workers, including the self-employed, have access to social protection. Through the Skills Agenda for Europe and support from EU funds, the Commission encourages people of all ages to develop the skills they need for the digital age.

Europe is moving from recovery to expansion, with 21 consecutive quarters of economic growth. This year, the EU economy and the euro area are expected to grow at around 2% with all Member States registering positive growth.

Three years after it was launched, the Investment Plan for Europe — the Juncker Plan — has already surpassed its original €315 billion target, with €335 billion of additional investment mobilised — and higher positive impact still to come. It is set to create 1.4 million jobs and increase EU Gross Domestic Product by 1.3% by 2020. Two thirds of the capital raised comes from private investors, which makes the Juncker Plan an excellent example of how scarce public resources can be used to mobilise private funding. As well as fostering climate-smart investments, energy efficiency, small and medium-sized enterprises, energy efficiency, small and medium-sized enterprises and new and innovative technologies, the
Juncker Plan has supported important EU policy objectives, for example in the field of social investments, digital and sustainable transport infrastructure.

The story does not end here. In December 2017, the European Parliament and Member States agreed to the Commission’s proposal to extend and strengthen the Juncker Plan, which now aims to mobilise €500 billion in additional investment by the end of 2020. Looking beyond 2020, the Commission has proposed to continue the successful model of the Juncker Plan in the InvestEU Programme. Under the next Multiannual Financial Framework for 2021-2027, the Commission has proposed €15.2 billion be earmarked for the InvestEU Fund. This will allow the EU budget to provide a €38 billion guarantee which will be used to support strategically important projects across the EU. By crowding in private and public investments, the Commission expects the InvestEU Fund to trigger more than €650 billion in additional investment across the EU over a seven-year period.

Economic recovery was also supported by the use of the flexibility built into the rules of the Stability and Growth Pact. Estimates suggest that the overall fiscal breathing space that was given has boosted the EU GDP by 0.8% over the last four years and resulted in around 1.5 million jobs. This did not prevent government debt from decreasing significantly over 2015-2018, by 7 percentage points. While country-specific priorities differ, this is an illustration of how the ‘virtuous triangle’ of boosting investment, pursuing reforms and responsible public finances has worked in practice.

Decisive steps have also been taken towards the development of a Capital Markets Union, an integral part of the Juncker Commission’s ambition to develop deep and liquid capital markets and sustain growth in Europe. During 2018, the Commission presented several new and complementary proposals to develop further the Capital Markets Union, including a new EU framework for covered bonds and the simplification of the rules for cross-border marketing of investment funds.

Europe boasts a wealth of talent, world-class researchers and skilled entrepreneurs, but we need to do even better when it comes to turning that excellence into success stories and market-creating innovations. In this context the Commission presented in May 2018 a renewed European Agenda for Research and Innovation. The Commission has proposed allocating €98 billion to the future research programmes under the next Multiannual Financial Framework.

VentureEU will trigger €6.5 billion of new investment in start-ups and scale-ups

Access to funding is key. In April 2018, the Commission and the European Investment Fund announced a major boost to venture capital funding: VentureEU. Backed by EU funds to the tune of €410 million, this programme aims to raise up to €2.1 billion of public and private investment, which is expected to trigger an estimated €6.5 billion in new investment in innovative start-up and scale-up companies across Europe. This would double the amount of venture capital currently available in Europe.

For the EU to maintain its now vibrant business environment and for Europeans to be prepared for 21st century jobs, knowledge has to be easily accessed by everyone. This is why the Commission set out its vision for a European Education Area by 2025, where learning, studying and doing research will be made easier across borders. The Commission has also proposed for the next Erasmus programme post-2020 a doubling of the budget to €30 billion with the aim of providing learning and mobility opportunities to 12 million people.
2/ A Connected Digital Single Market

‘I believe that we must make much better use of the great opportunities offered by digital technologies, which know no borders.’

Jean-Claude Juncker, Political Guidelines, 15 July 2014

Digital technology makes our lives easier at home, at work, while studying or when we travel. 370 million Europeans use the internet every day. To make the most of the opportunities this brings, Europe needs a trusted Digital Single Market, to make the lives of its citizens easier, enhance growth worth €415 billion every year and generate hundreds of thousands of new jobs.

Since May 2015 we have put on the table 29 legislative initiatives to improve and strengthen the Digital Single Market. So far 17 proposals have been agreed.

Following the end of roaming charges across the EU last year, Europeans can enjoy more digital freedom. Since April 2018 they can also access their film, sport, music, video game and e-book subscriptions wherever they travel in the EU. With the updated European Audiovisual Media Services Directive we will promote European films on these digital platforms. And thanks to the MEDIA strand of the Creative Europe programme, the Commission will also continue to support the development, distribution and promotion of European films, TV programmes and video games.

2018 they can also access their film, sport, music, video game and e-book subscriptions wherever they travel in the EU. With the updated European Audiovisual Media Services Directive we will promote European films on these digital platforms. And thanks to the MEDIA strand of the Creative Europe programme, the Commission will also continue to support the development, distribution and promotion of European films, TV programmes and video games.

As of 3 December 2018, Europeans will be able to shop online without unjustified discrimination wherever they are in the EU.

Europeans will soon be able to shop online without unjustified discrimination wherever they are in the EU.

Data is the fuel of our modern economies. Breaking down barriers will help the value of the EU data economy to double between 2015 and 2020, from 1.9% to 4% of Gross Domestic Product. By 2020 we expect 10.4 million people to be employed in the EU data economy. Businesses and citizens will gain from the free flow of non-personal data, as they will have access to better and more competitive data storage and processing services.

Internet connections and coverage are improving across Europe. The rollout of next-generation 5G mobile connections has been enabled by agreements to update the EU’s telecoms rules and coordinate radio spectrum use. This will be useful for many innovative services such as public safety, personalised healthcare, environmental protection, smart energy consumption, traffic management or connected cars. Updated EU telecoms rules will also boost investment in the high-speed and quality networks our economy and society need.

New technologies are also transforming the way consumers access financial services. The Commission presented an Action Plan on Financial Technology (FinTech) in March 2018 to make the most of rapid advances in new technologies such as blockchain, artificial intelligence and cloud services, while at the same time shielding consumers from cybersecurity threats.

Europeans need digital know-how for our changing job market and society, but 35% of the workforce still does not have basic digital skills. The Digital Skills and Jobs Coalition brings together Member States, companies, social partners, non-profit organisations and education providers who take action to tackle the lack of digital skills in Europe. It will train 1 million young unemployed people by 2020. And by 2020 at least 6,000 cross-border digital traineeships will be created for young people to gain experience in areas such as cybersecurity, big data, software development and digital marketing.

Looking to the future, we have begun work to ensure that all European citizens and businesses (including small and medium-sized enterprises) can fully reap the huge benefits of artificial intelligence at the service of Europeans, starting...
by presenting a solid policy framework for coordinated action across the EU. We will **boost our financial support to artificial intelligence research and innovation to €1.5 billion for 2018-2020**. We will proactively address the related ethical and legal questions, building on the Union’s fundamental rights and values, such as trusted data, transparency and accountability.

We are also making Europe a world-class hub in supercomputing, enabling us to analyse a large quantity of data and helping to solve the great scientific, industrial and societal challenges of our time. This will help with better healthcare, early detection of diseases, better reactions to cyberattacks, minimising production costs or designing renewable energy parks, to give just a handful of examples.

The success of the Digital Single Market depends on the confidence of Europeans. Since May 2018, the **right to a secure online environment** has been reinforced thanks to the first EU-wide legislation on cybersecurity. Member States now have to cooperate in addressing common cybersecurity threats. And the energy, transport, banking and healthcare sectors, as well as digital service providers, are required to take appropriate security measures and notify serious incidents to national authorities.

Cyber threats are real — malware is widely spread and attacks are still on the rise, with well over 4,000 ransomware attacks per day in Europe. We could lose €640 billion in potential economic value if we do not respond to these challenges. The 2017 Commission proposal will strengthen the EU Agency for Network and Information Security (ENISA) to better support Member States in tackling cybersecurity threats and attacks.

To contribute to a safe and trustworthy online space the Commission has also outlined an **action plan to tackle the spread and impact of online disinformation** in Europe and ensure the protection of European values and democratic systems. This will involve the commitment of online platforms and the advertising industry to a Code of Practice based on four guiding principles: transparency, inclusivity, credibility and diversity.

The long-term success of the abovementioned initiatives can only be guaranteed with equally ambitious commitment, funding and investments. This is why we proposed in the next EU Multiannual Financial Framework, to create for the first time a dedicated digital financing programme — Digital Europe — with a budget of €9.2 billion for increasing the EU’s international competitiveness as well as for developing and reinforcing Europe’s strategic digital capacities. These key capacities concern high-performance computing, artificial intelligence, cybersecurity and advanced digital skills, ensuring their wide use and accessibility across the economy and society.
3/ A Resilient Energy Union with a Forward-Looking Climate Change Policy

‘I want to reform and reorganise Europe’s energy policy into a new European Energy Union. [...] We need to strengthen the share of renewable energies on our continent. [...] A binding 30% objective for energy efficiency by 2030 is to me the minimum if we want to be credible and forward-looking. [...] This is not only a matter of a responsible climate change policy. It is, at the same time, an industrial policy imperative.’

Jean-Claude Juncker, Political Guidelines, 15 July 2014

The Energy Union and the fight against climate change are key elements for the modernisation of the European industry and economy. They open opportunities for European businesses to maintain and exploit their first-mover advantage and the development of a clean and innovative global technology market while being a source of social progress enabling everyone to benefit from the transition.

Through the Energy Union and its forward-looking climate change policy the EU is creating an enabling environment that accelerates public and private investment in innovation and modernisation in all key sectors. We are making this transition to a modern and clean economy taking account of the differences in the energy mix and economic structures across the EU. Further to updating and strengthening its energy and climate legislation, the EU aims to develop enabling measures that will stimulate investment, create jobs, empower innovative industries and ensure that no citizen, worker or region is left behind in this process.

This will provide a boost to jobs and growth, put research and innovation at the heart of our future and prepare European industry to support climate commitments. Europe will continue to send the message that the world can count on us for climate leadership.

Under the Paris Agreement on climate change, the EU has committed to a cut of at least 40% in greenhouse gas emissions by 2030. This is an investment in our prosperity and the sustainability of the European economy, with the data underlining that from 1990 to 2015, EU emissions declined by 22% while Gross Domestic Product grew by 50%.

The EU is the only large economy in the world that has fully translated into legislation the steps being taken to meet its Paris Agreement pledges. To that effect key legislation to cut emissions in transport, buildings, waste, agriculture, land use and forestry was adopted in 2017. With this legislation, the supporting tools and with the reform of the European Union Emissions Trading System (ETS), the legal framework of the EU’s 2030 climate policy is now in place.

By adopting four of the Commission’s eight legislative proposals in the Clean Energy for all Europeans package in 2018 the EU has put in place a modern and advanced regulatory framework for the clean energy transition, delivering on the Juncker Commission’s objective to become a global leader in renewables and to put energy efficiency first.

A robust governance framework is now in place, to monitor compliance and promote investments to ensure that EU’s 2030 energy and climate targets, will be reached — i.e. a reduction of at least 40% in greenhouse gas emissions, a minimum of 32% renewables in the EU energy consumption mix and 32.5% energy efficiency savings.

Over the next decade, Europe will need around €180 billion a year in low-carbon investments to meet our climate commitments taken in Paris. In this context, for the next Multiannual Financial Framework, the Commission proposed to raise the level of ambition for climate mainstreaming across all EU programmes, with a target of at least 25% of EU expenditure contributing to climate objectives. But public money will not be enough — the financial sector must throw its full weight behind the fight against climate change.

EU Energy targets by 2030

- At least 40% cuts in greenhouse gas emissions
- At least 32% renewables in energy consumption
- 32.5% energy efficiency
The Juncker Plan has been supporting investments in energy efficiency, renewable energy and sustainable mobility since its creation. This has allowed, among others, to supply 8.2 million European households with renewable energy and to install 28 million electricity and gas smart metres.

The Capital Markets Union aims to drive the financial system towards supporting long-term, sustainable and green growth. In March 2018, the Commission presented the first-ever EU Action Plan on Sustainable Finance. It sets out a structured and systematic approach for directing private investment into greener projects, by changing incentives and current culture along the investment chain. The financial sector has a key role to play in this context.

The first concrete measures were proposed in May 2018, including a harmonised EU-wide classification system — or ‘taxonomy’ — ensuring common definitions, transparency and compatibility for professionals as well as private investors.

The Commission has also taken action to accelerate the transition to a clean economy in other economic sectors, notably transport. As part of its strategy for low-emission mobility, in November 2017 it proposed legislation to cut carbon dioxide (CO₂) emissions from road transport by setting new targets for CO₂ emissions of new passenger cars and vans and by reinforcing the EU’s leadership in clean vehicles. In May 2018, the Commission completed its holistic agenda for safe, clean and connected mobility by, among other presenting CO₂ emissions standards for heavy-duty vehicles and making it easier to design aerodynamic trucks and improving labelling for tires. In addition, the Commission put forward a comprehensive action plan for batteries to help developing a competitive and sustainable battery ‘ecosystem’ in Europe.

To address the social impacts of the energy transition the Commission launched an initiative for coal and carbon-intensive regions. This provides tailor-made solutions for regions affected by the transition to the clean economy. This support helps to reskill workers, to modernise infrastructures and to invest in business models of the future so that no region is left behind in the energy transition. The Commission has also launched the Energy Poverty Observatory as an enabling action to support a just and socially fair clean energy transition.

In the last year, our work on energy solidarity and security has made sure that no Europeans are left isolated. The Lisbon Summit in July 2018 was a clear expression of European solidarity on energy when the leaders of Spain, France and Portugal agreed on steps to strengthen the integration of the Iberian Peninsula into the internal energy market. The Commission is supporting the construction of the necessary infrastructure with a record investment of €578 million for the power line crossing the Bay of Biscay between Spain and France, to end energy isolation in this part of Europe.

In addition, President Juncker and the leaders of Estonia, Latvia, Lithuania and Poland agreed on the Political Roadmap for synchronising these Member States’ electricity grid with the continental European network by 2025. The Commission will support these Member States, to end the energy isolation of the Baltic Sea region.

Following a request by EU Leaders in March this year, the Commission is preparing a proposal for an EU strategy for long-term greenhouse gas emissions reductions. A wide consultation has been started with a High-Level Stakeholder Conference and the launch of a public consultation. The Commission is working towards presenting its proposals by November 2018. This will send a strong signal to our partners that the EU is planning for the long term in a robust way ahead of the COP24 meeting in Katowice the following month.
4/ A Deeper and Fairer Internal Market with a Strengthened Industrial Base

‘Our internal market is Europe’s best asset in times of increasing globalisation. I therefore want the next Commission to build on the strength of our single market and to fully exploit its potential in all its dimensions.’

Jean-Claude Juncker, Political Guidelines, 15 July 2014

The Single Market celebrates its 25th anniversary this year and is Europe’s best asset to generate economic growth and help European companies thrive in global markets. That is why the Juncker Commission is unlocking the potential of the Single Market with a true Industrial Policy for the EU and creating new opportunities for people and companies. This goes hand in hand with efforts to strengthen Europe’s industries, create jobs, boost investment and innovation in clean technologies and ensure a fair Single Market that benefits all.

The Juncker Commission is enabling Europe’s professionals and small businesses to take full advantage of a well-functioning Single Market. Under a new EU law Member States will be required to assess thoroughly the costs and benefits of envisaged legislation of professional services in order to remove unnecessary obstacles by carrying out a ‘proportionality test’ of the rules. The Single Digital Gateway will be an easily accessible entry point for people and companies to find information, administrative procedures and assistance linked to their Single Market rights. It could help companies save more than €11 billion per year.

In parallel, the Juncker Commission is deepening Europe’s social dimension. In November 2017, at the first European Social Summit in 20 years, the European Pillar of Social Rights was proclaimed, providing the anchor for a strong social dimension in the future. Labour mobility drives economic growth, but must be organised in a fair way and lead to a race to the top. The deal on posting of workers ensuring the principle of the same pay for the same work at the same place has been a major step in this direction. In addition, the Commission has tabled landmark proposals to improve the coordination of social security systems between Member States and to create a European Labour Authority. Work is well advanced on rules for accessible products and services in the Single Market for people with disabilities and to ensure a better work-life balance with proposals to improve parental and carer leave.

The Commission is putting in place an enabling framework, giving Europe’s innovative entrepreneurs the chance to expand and grow. Under the Capital Markets Union, the Commission has presented measures to improve access to finance, firstly by cutting red tape to facilitate access to public markets also for smaller companies. Strategies to encourage green and sustainable investments and to promote financial innovation have also been put forward. Through a European label for crowdfunding platforms, the Commission has proposed a new regime that enables such platforms to operate easily across the EU. European consumers, investors and businesses will benefit from stronger and more integrated financial markets, thanks to plans by the Commission’s proposals to reform the EU’s financial supervisory architecture.

A well-functioning Single Market also requires fair and efficient tax rules. This is why the Juncker Commission has presented since November 2014 not less than 22 proposals in the area of tax with this objective in mind. The Commission has also proposed a major overhaul of the system for value added tax to better tackle fraud, setting out the cornerstones of a single EU Value Added Tax area. New rules have already been agreed at EU level which will cut Value Added Tax-related red tape for thousands of companies that sell goods online. Commission proposals to make life easier for small businesses and to modernise the Value Added Tax rates system are on the table — including on the way that reduced Value Added Tax rates are set.
A fair Single Market requires that companies compete on equal terms — not at the expense of European taxpayers. The Juncker Commission is pursuing a far-reaching strategy to ensure that all companies, big and small, pay their fair share of tax where their profits are earned. Based on Commission proposals, the EU has made giant strides in reforming the corporate taxation framework with new rules to plug old loopholes. Our proposals for a common tax framework — the Common Consolidated Corporate Tax Base — and for fair taxation of the digital economy would take us one step further. New binding transparency rules that oblige Member States to exchange automatically an array of tax information with each other are gradually entering into force. In parallel, the Commission has also continued to enforce EU State Aid rules to prevent Member States from giving unfair advantages to selected companies.

This year, the Commission also proposed an increased budget of €270 million to ensure that vital cooperation between Member States in the fight against Value Added Tax fraud and tax avoidance can continue.

In a changing world our industry must adjust and adapt to remain ahead of the curve. In his State of the Union Address of September 2017, President Juncker set out a goal for the EU and its industries to become a world leader in innovation, digitisation and decarbonisation. The transformation to a circular economy has been a priority throughout the mandate. This approach of the Juncker Commission unlocks new business opportunities through the use of innovative and resource-efficient ways to provide services or products. The Commission has proposed ambitious but realistic targets to reduce waste and boost recycling and sustainable design. These have been agreed and are now being implemented at national level. Moreover, we have set the world’s first comprehensive plastics strategy and a legislative proposal to replace single-use plastic products on the market with sustainable alternatives.

Modernising Europe’s transport system has been another focus area. More reliable and stricter car emissions tests have been mandatory since September 2017. A fundamental overhaul of the type approval framework will be applicable from September 2019. The Commission has also proposed new mandatory safety features such as advanced emergency braking for cars as well as blind spot and vulnerable road user detection systems for trucks. At the same time the Commission is laying the groundwork for connected and automated driving and future-oriented mobility. To foster a smooth transition to zero emissions vehicles, the Commission is supporting the creation of a strong European battery sector through an action plan, including investments of €200 million for the development and production of the next generation of electric batteries.

The space industry is a strategic sector with the potential to improve people’s lives and generate economic growth. Major investments by the EU have enabled important progress on the Earth observation programme Copernicus and the satellite navigation system Galileo. Since December 2016, Galileo has been providing initial services with outstanding performance and geographical coverage. In July 2018, four more satellites were successfully launched. With a constellation of 26 satellites, Galileo will provide a more precise signal across a range of valuable services. Copernicus is the biggest provider of Earth observation data in the world, helping address diverse challenges such as natural disasters and climate change. Further priorities were spelled out as part of the Space Strategy for Europe and a growing number of companies and innovative start-ups are already using space data and services. Secure satellite communications will also contribute to the EU’s role as a security and defence provider. For the next EU Multiannual Financial Framework 2021-2027, the Commission proposes to devote €16 billion to help maintain and enhance the EU’s leadership in space.

The Commission has taken steps to empower and protect the EU’s 500 million consumers. While we already have some of the strongest rules on consumer protection in the world, recent cases like the ‘dieselgate’ scandal have shown that it can be difficult to enforce them. That is why the Commission proposed a New Deal for Consumers to introduce a European collective redress right for groups that have suffered harm. The Commission has also proposed a strengthening of controls by national authorities and customs officers to prevent unsafe or counterfeited products.

To increase the positive impact of the Single Market on Europeans, the Commission has proposed a new, dedicated €4 billion programme post-2020. It aims to empower and protect consumers and enable Europe’s many small and medium-sized enterprises to take full advantage of a well-functioning Single Market.
Over the next five years, I want to continue with the reform of our Economic and Monetary Union to preserve the stability of our single currency and to enhance the convergence of economic, fiscal and labour market policies between the Member States that share the single currency.

Jean-Claude Juncker, Political Guidelines, 15 July 2014

On 1 January 2019, we will celebrate the 20th anniversary of our single currency. The euro has come a long way in that time; it is a true European success story. 340 million Europeans use the euro every day in 19 of our Member States. Soon, the euro area will represent 85% of the overall Gross Domestic Product of the entire European Union. Across the world, the euro is now the second most used reserve currency, with 60 countries linking their currencies to it in one way or another. This is no minor achievement for a young currency not linked to a unitary state, but the position of the euro on the global financial markets could be further strengthened, also as a sign of Europe taking its destiny in its own hands.

Since the crisis, and notably since the Five Presidents’ Report of June 2015, much has been done to strengthen Europe’s Economic and Monetary Union and its architecture is more robust than ever before. The successful conclusion of the Stability Support Programme for Greece is a further testimony to the progress achieved in recent years.

To harness the full potential of the euro, the Commission presented in December 2017 a comprehensive roadmap and concrete proposals to deepen the Economic and Monetary Union, as well as in May 2018, in the context of the EU’s next budgetary framework. The Euro Summit in June 2018 provided an opportunity to discuss these proposals and to take another step towards a more robust Economic and Monetary Union.

Importantly, EU Leaders agreed to complete the Banking Union as a priority. In particular, Leaders agreed that the European Stability Mechanism will provide the common backstop for the Single Resolution Fund. It would be activated as last-resort insurance in the event of a bank resolution and reinforce confidence in the banking system. Political discussions will also begin on putting in place, over time, the European Deposit Insurance Scheme. The Commission’s proposal on this issue has been on the table since 2015. Common deposit protection is an important part of a currency union and essential for increased trust in and resilience of the banking system. Leaders also agreed on a process and timeline for further strengthening the European Stability Mechanism. They will return to all these topics in December 2018.

A resilient euro area requires resilient Member States and reinvigorated economic and social convergence. Our economic policy coordination framework, the European Semester, has been strengthened and streamlined during the Juncker Commission. To help Member States’ reform efforts, the Commission proposed a Structural Reform Support Programme for technical reform assistance, a proposal approved by the European Parliament and the Council. The total budget proposed for the Programme is €222.8 million for 2017–2020. This will enable the EU to respond to the high demand from Member States for support to prepare, design and implement growth-enhancing reforms. In recent years, 25 EU countries have received tailor-made support for more than 500 reform projects.

The Structural Reform Support Service is carrying out 500 reform projects in 25 EU countries

To boost reforms further, the Commission has proposed a new Reform Support Programme under the next Multiannual Financial Framework for 2021-2027, with a budget of €25 billion to provide financial and technical support, and a targeted Convergence Facility for countries wishing to join the euro area.

A strong social dimension is an essential part of Economic and Monetary Union. The European Pillar of Social Rights sets out essential principles for well-functioning and fair labour markets and welfare systems. Together with the Member States, social partners and other stakeholders, the Commission is working to make the Pillar a reality on the ground.
The good functioning of the single currency calls for sound public finances, building up of fiscal buffers in good economic times and the capacity to recover quickly from economic shocks. The fiscal situation of the EU has considerably improved: the average public deficit of Member States has decreased from 6.6% in 2009 to an expected 0.8% in 2018, and public debt is on a downward path. Only one Member State — Spain — is currently in the excessive deficit procedure, compared to 24 in the spring of 2011. While declining, high public debt levels in some Member States weigh on growth, make countries vulnerable to economic downturns and hamper their ability to address major challenges for the future. So progress needs to continue.

To complement Member States’ fiscal buffers, help stabilise public investment levels and facilitate rapid economic recovery in cases of large asymmetric shocks in the future, the Commission has proposed for the next Multiannual Financial Framework a European Investment Stabilisation Function with the capacity to mobilise up to €30 billion in loans in affected Member States.

Financial stability has been considerably reinforced in the euro area and in the EU as a whole. For example, today banks are much better capitalised and the ratio of non-performing loans has come down by almost half since 2014 and continues on a downward trend. Capitalising on the significant progress already made in tackling risks in the banking sector, the Commission has proposed a series of measures to reduce risks further, including a comprehensive banking package, on which the European Parliament and Council are expected to agree shortly. In March 2018, it presented legislation to address the remaining stocks of non-performing loans and to prevent their possible build-up in the future.

Capital Markets Union is an essential complement to Banking Union. Deep and well-integrated capital markets contribute to private risk-sharing, enhance financial stability, increase economic convergence and European economic sovereignty, and help to cushion potential future shocks. Also in light of the United Kingdom’s withdrawal from the Union, the completion of the Capital Markets Union needs to be accelerated as a matter of priority. The Commission has proposed a wide-ranging set of measures to achieve this goal, including new rules for pan-European personal pension products in order to give consumers more options for their retirement provision. New rules were also presented to consolidate the EU as a leading force for sustainable finance and Financial Technology, as well as to reform the EU’s supervisory architecture.

To be effective, the institutional framework of Europe’s Economic and Monetary Union has to be efficient, legitimate and accountable. To that end, the Commission presented in December 2017 a proposal to establish a European Monetary Fund, anchored within the EU’s legal framework and built on the well-established structure of the European Stability Mechanism. The Commission also published a Communication spelling out the possible functions of a European Minister of Economy and Finance who could serve as Vice-President of the Commission and chair the Eurogroup, as is possible under the current EU Treaties.
6/ Open and Fair Trade in a Rules-Based Global System

‘European trade policy means making the most of opportunities with like-minded partners across the world. It also means working to improve and shape the global rules-based system so that it continues to deliver peace, prosperity and progress.’

Jean-Claude Juncker, Keynote speech ‘Transatlantic relations at a crossroads’, 25 July 2018

Every €1 billion in exports supports 14,000 jobs across the EU. That is why the Juncker Commission is working to uphold a well-functioning rules-based global trading system where free and fair trade is a win–win for the EU and our partners. The Commission is working to harness globalisation for the benefit of European citizens, through well-balanced trade agreements that boost economic growth and jobs in Europe, as well as trade defence tools that protect us against abuses.

The EU is a leading advocate of the rules-based international trade system, with the World Trade Organisation at its centre. Together with our international partners we have designed a clear set of rules over decades that create certainty for business and stability for our economies. The Commission is also preparing the ground to reform the World Trade Organisation, together with our partners.

The multilateral rules as they currently stand need to be updated for the system to work efficiently and to address the challenges of our time, such as intellectual property theft, forced technology transfer, industrial subsidies, distortions created by state-owned enterprises, and overcapacity. To that effect, the EU established together with the United States and Japan a trilateral cooperation mechanism in these sectors. World Trade Organisation reform was also identified as an important work strand in the EU–US Joint Statement of 25 July. Furthermore, a joint working group on the topic has been established between the EU and China at the occasion of the July 2018 EU–China Summit.

Engaging in discussions with the US Administration on trade has resulted in President Juncker and President Trump launching a new phase in the EU–US trade relationship at the White House on 25 July 2018.

Both sides agreed that no new tariffs would be imposed, while working towards the elimination of all existing industrial tariffs and that cooperation in a number of sectors, including energy and regulatory issues, would be further developed. An EU–US Executive Working Group established on that occasion is already working on implementing the Joint Statement.

For the European Commission, it is clear that there is no protection in protectionism. Instead of providing an answer to systemic problems, unilateral action risks disrupting global trade and feeding an escalation from which there will be no winners, only losers.

The Commission continues to create opportunities for European citizens and businesses through well-balanced progressive trade agreements with like-minded partners.

EU trade agreements shape global trade ensuring it is fair and based on values and principles. All new EU trade agreements reiterate both parties’ right to regulate and include a substantial chapter on sustainable development that upholds and promotes social and environmental standards.

The Juncker Commission has so far finalised and started implementing seven well-calibrated trade agreements with 12 countries, including Canada, Ukraine and several African nations, bringing the overall number to 39 EU trade agreements with 69 partners across the world.

President Juncker signed an Economic Partnership Agreement with Japan in July 2018 — the biggest trade deal ever negotiated by the European Union. The agreement creates an open trade zone covering over 600 million people and nearly a third of global Gross Domestic Product. It will remove the vast majority of the €1 billion in duties paid annually by EU exporters, as well as eliminating long-standing regulatory barriers. This is also the first agreement to incorporate the commitment made under the Paris Climate Agreement.

EU agreements with Canada and Japan will save EU companies €590 million and €1 billion in customs duties respectively per year.
The Commission has reached a political agreement with Mexico to make practically all trade in goods between the EU and Mexico duty-free, including in the agricultural sector. Simpler customs procedures will also benefit the European industry. Looking further south, we have brought the negotiations with Mercosur into the final stretch, and launched seven new negotiations, including with Australia, Chile and New Zealand.

A commitment to a **more inclusive and transparent** trade policy underpins all these negotiations. The Juncker Commission now publishes all proposals for new negotiating Directives, EU proposals and reports from the negotiating rounds. The Commission has also created an Advisory Group on trade agreements, allowing it to engage with a wide and balanced group of stakeholders and gather different perspectives and insights from trade unions, employers’ organisations, consumer groups and other non-governmental organisations.

While standing for open, fair and rules-based trade, and fighting against protectionism, the EU is not a naive free trader. Within the boundaries of existing multilateral rules, the Commission does whatever it takes to defend European producers and workers against unfair trading practices. Trade can only be open if it is fair and conducted on a level playing field.

In September 2017, the Commission presented a legislative proposal to create a European framework to screen foreign investments. Once adopted by the European Parliament and Member States, this will enable Europe to defend its essential interests better, while ensuring that the EU remains one of the world’s most open investment regimes.

In the past year, the EU has clearly demonstrated than it can **act swiftly and effectively in defence of European interests**, in line with existing multilateral rules. Reacting to US tariffs on steel and aluminium, the Commission launched legal proceedings in the World Trade Organisation, put in place rebalancing measures and shielded EU producers from redirected foreign imports by adopting safeguard measures. While the Commission works to resolve conclusively the issue with the United States, these measures will stay in place.

To strengthen the tools available to look after European interests, the Juncker Commission also finalised two significant reforms to the EU’s trade defence instruments in the past year. This includes a new way of calculating anti-dumping duties for imports from markets distorted by state intervention and **modernising the anti-dumping and anti-subsidy procedures**. These changes have been in force since December 2017 and June 2018 respectively. This means that the EU is now better equipped to stand up for its companies. The procedures are faster, reflect social and environmental standards and in some cases allow the EU to impose higher duties.

Using the available toolbox of trade defence instruments to its full extent, the Juncker Commission has brought the number of anti-dumping and anti-subsidy measures in place up to 143. These measures **defend 360,000 jobs**.

Since November 2014, the EU has won **nine disputes in the World Trade Organisation**, this led to the removal of discriminatory taxes, illegal customs duties or export restrictions in key export markets such as China, Russia, the United States and South America. Together, these cases concerned at least €10 billion/year of EU exports.

The EU has also successfully **removed more than 80 export barriers** in countries around the world, opening up improved export opportunities for European companies in sectors such as agri-food, the automotive industry, aeronautics, information and communication technologies, electronics, pharmaceuticals and cosmetics.
7/ An Area of Justice and Fundamental Rights Based on Mutual Trust

‘Our European Union is more than a big common market. It is also a Union of shared values, which are spelled out in the Treaties and in the Charter of Fundamental Rights. Citizens expect their governments to provide justice, protection and fairness with full respect for fundamental rights and the rule of law. This also requires joint European action, based on our shared values.’

Jean-Claude Juncker, Political Guidelines, 15 July 2014

A Europe that protects its citizens is a priority for the Juncker Commission. That is why we have been acting to safeguard fundamental rights, improve law enforcement authorities’ cooperation and boost security for citizens. The European Area of Justice and Fundamental Rights is based on common values and the rule of law, which allow for cooperation between law enforcement authorities throughout the EU. Crime knows no borders, and so the efficient protection of European citizens from crime and terrorism is only possible through cooperation and by ensuring that the rules are applied and enforced in the same way in all Member States.

Our citizens also expect that we take good care of taxpayers’ money and ensure there is no risk of mismanagement or corruption with regard to EU funds. This is why we proposed that the importance of the rule of law and judicial independence be taken into account when we oversee the sound financial management of the EU budget. The European Public Prosecutor, which will also protect EU taxpayers’ money, is currently being set up with 22 Member States participating. We are also putting forward an initiative to ask the European Public Prosecutor with prosecuting cross-border terrorist crimes.

The General Data Protection Regulation entered into application on 25 May 2018, with the Facebook/Cambridge Analytica scandal confirming that it is essential to protect Europeans’ fundamental rights in the digital age.

The Commission concluded talks on reciprocal data adequacy with Japan in July 2018, creating the world’s largest area of safe data flows. Similar discussions are ongoing with South Korea and could be launched with other key trading partners.

In April, the Commission proposed improvements to the protection for whistle-blowers who report breaches of EU law by setting new, EU-wide standards. Different scandals such as Dieselgate, Luxleaks, the Panama Papers or the Cambridge Analytica revelations show that whistleblowers can play an important role in uncovering unlawful activities that damage the public interest and the welfare of our citizens and society.

Feeling safe and secure is a basic and fundamental right. The Juncker Commission has made security a top priority and has come forward with a number of landmark initiatives over the past year to build solid foundations for an effective and genuine Security Union in a Europe that protects. This also links into the plans to step up civil protection to ensure that the EU can deliver help more quickly and effectively to those struck by natural disasters.
We have been denying terrorists the means to act. The Commission has tightened its rules with the fifth Anti-Money Laundering Directive, in force since July 2018, and is carefully monitoring the implementation by Member States. The Commission has proposed that police and law enforcement bodies have quicker access to financial information for investigations of serious crimes. Other priorities, such as the confiscation and freezing of assets, the control of large cash flows and the harmonisation of criminal offences related to money laundering, are close to being finalised. The Commission has proposed to fight document fraud by improving security features for all EU ID cards through legislation. We are supporting Member States in protecting public spaces, such as stadiums and market squares and are accelerating work against home-made explosives and threats.

We have also taken action to fight illegal content online, in particular terrorist propaganda. We are putting forward new legislation following recommendations to companies on how to better tackle illegal online content and remove terrorist content within one hour of receiving the removal order. The Commission also continues to monitor the Code of Conduct to combat illegal online hate speech, which now has a removal rate of 70% within 24 hours.

We have shared more information than ever before through relevant databases. Member States consulted the Schengen Information System over five billion times in 2017 — contributing to almost 40,000 arrests and the tracking down of 200,000 serious criminals. The strengthened Schengen Information System will help to identify potential criminals and terrorists even more effectively thanks to new alerts on terrorist suspects and persons wanted for crime, while fully respecting individuals’ fundamental rights.

We have been closing the information gap by making EU systems work together in a smarter and more efficient way. The Commission has put forward all the pieces of legislation necessary for EU databases to become interoperable, which now need to be urgently finalised by the European Parliament and the Council. The new European Travel Information and Authorisation System (ETIAS) will help us better monitor who is crossing EU borders and identify those who pose security risks before they reach the EU. A stronger European Agency for the Operational Management of Large-Scale IT Systems in the Area of Freedom, Security and Justice (eu-LISA) will ensure the roll-out of the new and improved IT systems. Since May, new rules on Passenger Name Record data are helping law enforcement officers to better trace criminal networks and their travel patterns.

We have proposed to increase substantially the current security funding for the 2021-2027 period — from €3.5 billion to €4 billion to build a Union resilient to future security challenges and better equipped to respond to emergencies.
Towards a New Policy on Migration

‘The recent terrible events in the Mediterranean have shown us that Europe needs to manage migration better, in all aspects. This is first of all a humanitarian imperative. I am convinced that we must work closely together in a spirit of solidarity.’

Jean-Claude Juncker, Political Guidelines, 15 July 2014

Irregular arrivals dropped by 60% in 2017 and further declined in the first half of 2018; Europe is no longer in crisis mode. It is clear however that migration will remain an important challenge in the future. We now need tools for long-term solutions, rather than quick fixes, to equip Europe with future-proof means of managing migration responsibly and fairly. Over the past three years the European Agenda on Migration proposed by the Juncker Commission in May 2015 guided the progress that was needed to respond to immediate challenges. It is now time to complete this work with a sustainable long-term migration policy.

We have made our borders more secure with a step-change in our approach to integrated border management: we have introduced systematic checks on everyone who is crossing the EU’s borders, and improved our IT systems to exchange information between Member States in real time. More than 1,600 European Border and Coast Guard Agency officers currently patrol the Union’s external borders in places like Bulgaria, Greece, Italy and Spain to reinforce the capabilities of the national border guards. We are now proposing to further scale up the Agency and transform it into a genuine European Border and Coast Guard with 10,000 EU border guards and a stronger mandate to carry out returns.

We continued to save lives and fight against migrant smuggling over the past three years. EU operations have contributed to saving more than 690,000 lives and new operations have been launched to support Member States’ authorities. In the Central Mediterranean, Operation Themis was launched to assist Italy — with search and rescue remaining the main component and including a stronger focus on fighting migrant smuggling and cross-border crime. When Spain started to face increased migratory pressure in the Western Mediterranean, we extended Operation Indalo to run all year round.

Operation Sophia has continued to fight criminal networks on the high seas and has apprehended over 151 suspected traffickers and smugglers and neutralised over 551 vessels operating illegally in the Mediterranean. To ensure greater predictability in matters of search and rescue and provide safe and quick disembarkation of people saved in the Mediterranean, the Commission is exploring the possibilities for regional disembarkation arrangements, together with Member States, the United Nations High Commissioner for Refugees and the International Organisation for Migration.

We have stemmed irregular migration, with arrival numbers back to pre-crisis levels. Thanks to the EU–Turkey Statement, arrivals in the Eastern Mediterranean are 97% lower than when the deal took effect. Following our joint work with Italy, Libya, Niger and other sub-Saharan countries, arrivals in the Central Mediterranean are down by 80% since last year. We are now stepping up work with Spain as well as Morocco and other countries of origin and transit to address the increased migratory pressure along the Western Mediterranean route. While arrivals to the southern shores of Spain are higher than in previous years, the numbers remain low compared to the height of the migration crisis in 2015, when we saw 10,000 arrivals in one single day in Greece.
We are working to increase safe and legal pathways for those in need of international protection, which is a key way to prevent dangerous irregular journeys facilitated by criminal smuggling networks. Since 2015, successful EU resettlement programmes have helped over 32,000 of the most vulnerable people from around the world to find shelter in the EU. Last year, Member States made the largest collective commitment on resettlement the EU has ever seen, under the new EU resettlement scheme proposed by President Juncker. At least 50,000 persons will be resettled by the end of 2019.

We are working towards a more efficient EU return policy. Whilst Europe will continue to show solidarity towards those genuinely in need of protection, returning those who are not fleeing war or persecution and who do not have the right to stay in the EU is essential to reassure Europe’s citizens that we have control of our borders. Progress has been made on cooperation with non-European countries, with new arrangements agreed and support provided to Member States to set up Assisted Voluntary Return and Reintegration Programmes.

We are addressing the root causes of irregular migration, working closely with non-European countries. We want to address the underlying reasons that compel people to move, and give them a chance to build their lives closer to home instead of embarking on often-deadly journeys to Europe. We are implementing tailor-made migration partnerships with key countries of origin and transit to strengthen our cooperation. After a successful start with partners like Niger and Ethiopia, cooperation is under way with other key countries in Africa and Asia. We are working closely to address the common challenge with our immediate neighbours, including working with Turkey to help the refugees it shelters and enhancing our cooperation with countries like Morocco.

We showed solidarity at home with Member States under particular pressure, and the relocation scheme from 2015 has successfully come to an end, with all eligible persons having been relocated from Greece and Italy. The EU has mobilised unprecedented financial means to support Member States facing migratory pressure. Greece has received €1.6 billion of EU funds to address migration challenges. Italy received nearly €872 million and Spain nearly €725 million.

We have proposed to almost triple funding for migration and border management for the 2021-2027 period to €33 billion, as compared to the current €13 billion. The increased funding will ensure the effective protection of the EU’s external borders and support a robust, realistic and fair policy migration policy.

Five of the seven legislative proposals by the Commission to fix our European asylum system are close to being concluded. Work is advancing on the remaining files, namely the reform of the ‘Dublin Regulation’ on the rules for determining which Member State deals with an asylum application and on the Asylum Procedure Regulation. All the components of a strengthened Common European Asylum system, including a further boost to the operational capabilities of the new European Asylum Agency, should be agreed by the end of the year.

We are helping refugees outside the EU too. The EU has put in place innovative funding solutions to help Syrian refugees to live in dignity and build a new life through our Facility for Refugees in Turkey. We mobilised and fully contracted the first €3 billion tranche of the facility for 2016-2017, and in June 2018, EU Leaders agreed on the second €3 billion instalment to continue providing this vital support in the future and a first €400 million has already been mobilised. €1.5 billion has also been mobilised via the EU Regional Trust Fund in Response to the Syria Crisis, to reinforce the EU’s aid response and address the longer-term needs of refugees and their host communities; 46 projects are up and running in Iraq, Jordan, Lebanon and Turkey to provide education, protection, health and socioeconomic support to over two million Syrians.

The €4.09 billion Emergency Trust Fund for Africa is one of the EU’s most effective tools to fund migration-related projects and address the root causes of migration. 165 programmes have so far been approved with a focus on economic development, governance, food security, healthcare and migration, including targeted life-saving assistance for people in need of protection and support for voluntary returns to home countries. This support now needs to be maintained with a replenished Trust Fund.
The EU is the biggest international donor to the Syrian crisis worth over €11 billion.

The European Union is unwavering in its support of the multilateral system and rules-based global order. It is a reliable and predictable partner, working towards peace, security and stability, while supporting democracy, defending human rights and promoting the rule of law.

To underpin the European Union’s role as a global actor, the Commission proposed to increase the external action budget to €123 billion for the period 2021-2027. Up from €94.5 billion in the period 2014-2020, this represents an increase of 30%. At the same time, the budget will become more flexible and effective to address today’s global challenges.

The EU has also reinforced its policy approach. Starting in its most immediate neighbourhood, in the Western Balkans, the European Commission significantly strengthened its engagement with the region in the past year. It proposed an ambitious Western Balkans strategy and EU Leaders then held the first summit with their counterparts from the region in 15 years, in Sofia in May 2018. This reinforced engagement ensures more security, stability and prosperity, builds bonds and connects economies and people.

This approach by the Commission enabled progress to be made. A historic agreement on the name issue between Skopje and Athens was reached. The border demarcation agreement between Kosovo and Montenegro was ratified. The Commission proposed to the Council the opening of accession negotiations with Albania and the former Yugoslav Republic of Macedonia.

Serbia and Montenegro advanced well in their talks, while Bosnia and Herzegovina made small but important steps in the right direction, notably by answering the questionnaire on its membership bid, which allows the Commission to take the work forward. And the recommendation to lift short-term visa requirements for Kosovo was reconfirmed by the Commission in 2018.

The EU also continued to work with Turkey: while in the current circumstances no progress on the accession track is possible, the channels of communication remain open and cooperation continues in areas of strategic importance including energy, migration and security policy.

On the eastern borders, the EU continued to develop strong relations with all six Eastern Partnership countries. The summit in November 2017 focused on 20 concrete deliverables by 2020 that will strengthen the partnership and the economy, governance, connectivity and society. Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine made steady progress, even if further substantial reform efforts are still needed, in particular in the fight against corruption.

When it comes to Russia, the EU has reaffirmed its five guiding principles for the relationship, including work towards the full implementation of the Minsk agreements that aim to resolve the conflict in East of Ukraine and selective engagement on areas of EU interest.

To the south, Syria remained at the forefront of diplomatic efforts. The EU is by far the biggest international donor to the Syrian crisis, with over €11 billion mobilised in humanitarian, development, economic and stabilisation assistance. We are also the staunchest supporter of the United Nations efforts to achieve a peaceful solution to the conflict. The EU will assist in the reconstruction of Syria only when a comprehensive, genuine and inclusive political transition is firmly under way.

The EU is supporting United Nations efforts for a political solution to the war in Yemen and for stabilisation in Libya. And in Tunisia, the EU engagement has been unprecedented, in terms of financial assistance, administrative reform — notably in the security sector — and support for agriculture.

In the Israeli–Palestinian conflict the EU — despite the challenging situation — remains fully supportive of the two-state solution, with the State of Israel and a democratic, independent, viable State of Palestine living side by side in peace and security, and Jerusalem the shared capital of both.
Following the US withdrawal, the EU continues to support the full and effective implementation of the Iran nuclear deal — the Joint Comprehensive Plan of Action — as long as Iran respects its nuclear-related commitments. For the first time ever, and more than 20 years after its initial adoption, the EU started on 7 August to implement the updated Blocking Statute to mitigate the impact of re-imposed US sanctions on the interests of EU companies doing legitimate business in Iran.

The EU’s commitment to promote security and non-proliferation is in action elsewhere, starting with support for the complete and verifiable denuclearisation of the Korean peninsula. In Asia, the EU is also working on strengthening relations with China and Japan, signing unprecedented trade and partnership agreements with the latter, while supporting democracy, peace and stability across the continent, from Afghanistan to Myanmar/Burma.

In Latin America the EU is standing with Colombia in its implementation of the peace agreement and supporting the democratic transition in Cuba. It is also determined to see a political solution to the current crisis in Venezuela, where it is using a full set of diplomatic tools, from restrictive measures to humanitarian assistance.

The EU, together with its Member States, remains the biggest donor of development and humanitarian assistance globally. In 2017 the overall amount of Official Development Assistance was €75.7 billion, which represents 0.5% of EU Gross National Income. The EU contributed 57% of global Official Development Assistance in 2017. A major part of this assistance is spent in Africa, where the EU is boosting the economy and providing opportunities to young people to build their future at home.

Partner countries in Africa need significant investments in order to create a more stable business environment, sustainable infrastructure, jobs, growth and address the root causes of irregular migration. Support to young people and female entrepreneurship is particularly important in this context. To cover the investment gap the private sector needs to contribute too. That is why the EU’s External Investment Plan was set up, with €4.1 billion being deployed to leverage €44 billion in sustainable investments by 2020. In 2017, the EU agreed to invest €1.3 billion in 52 blending projects (mixing grants and loans) under the External Investment Plan; 30 will be in Africa and 22 in the European neighbourhood.

In the humanitarian field, the Commission is providing relief in all major crisis zones around the world. With an annual budget of around €1 billion, EU humanitarian assistance reaches over 120 million people every year. In addition, in case of natural or manmade disasters, any country in the world, the UN and international organisations can request assistance through the EU Civil Protection Mechanism. In 2017, within the EU, 24 aircraft, over 360 firefighters, 60 vehicles and over 150 satellite maps were sent to countries affected by forest fires. The mechanism was also activated by third countries in response to devastating events, such as floods in Peru, an earthquake in Mexico, forest fires in Chili and tropical cyclones in the Caribbean. The Commission also supports disaster risk reduction activities in countries most prone to these events. The Commission has increased its commitment to education for children affected by crisis, allocating 8% of its humanitarian funding to this area in 2018, as compared to a mere 1% in 2015 or a global average of 3%.

In line with its multilateral approach, the EU remains a key player in the G7 and G20 formats, and continues to build strong relationships with partners around the world, not only bilaterally but also with other international organisations, such as the United Nations, the African Union and NATO. In fact, the relationship with NATO has reached a new level, with a second Joint Declaration signed by Presidents Juncker and Tusk and NATO Secretary-General Stoltenberg in July 2018.

The EU is also stepping up its role as a security and defence provider and building a European Defence Union. Permanent Structured Cooperation (PESCO) has been launched to strengthen Europe’s security and defence, with 25 out of 28 Member States participating. The European Defence Fund is up and running, with first projects having begun with the aim of fostering for cross-border investments in state-of-the-art and fully interoperable defence technology and equipment in areas such as encrypted software and drone technology.

**The External Investment Plan put €1.3 billion into 52 projects in 2017**

Building on these initial steps, the Commission has proposed a €13 billion European Defence Fund for 2021-2027 to increase the EU’s strategic autonomy, bolster the EU’s ability to protect its citizens and make the EU a stronger global actor. The Fund complements other EU programmes, in particular €6.5 billion budget earmarked post-2020 for military mobility, which aims to enable military equipment and personnel to travel more easily from one part of the European Union the other. In addition, a new €10.5 billion European Peace Facility, an instrument outside of the EU’s long-term budget, will help improve the EU’s ability to prevent conflicts, build peace and guarantee international security.
The Juncker Commission has worked since day one to make the EU more democratic, by opening up the policymaking process to citizens’ input, boosting transparency and embedding Better Regulation principles in the Commission’s DNA. To meet citizens’ expectations we have gone about our work differently across the board, and in the past year we have presented new ideas and agreed new rules for an even more democratic future for the Union.

In April 2018, the European Parliament and the Council reached agreement on proposals made by President Juncker in last year’s State of the Union Address to revise the rules for funding of European political parties. The new rules, already in application, will increase transparency on the links between European political parties and their member parties, so people know what they are voting for in the European elections. They will improve democratic legitimacy with funding better reflecting the electorate’s choices, and strengthen enforcement so that abuses of public money can be better tackled and funds reclaimed.

In February, the Commission presented practical measures to EU Leaders to improve the connection with citizens at the next European elections and make the EU work more efficiently. The Commission committed to step up the frequency of Citizens’ Dialogues and gave its views on the ‘Spitzenkandidaten’ process, the composition of the future European Parliament and Commission and the functioning of a double-hatted President for the Commission and European Council.

Also, the Commission adopted a new Code of Conduct for the Members of the Commission which sets the highest and most comprehensive ethical standards for office holders in Europe, and beyond. Since February this year, detailed information is being published regularly about each Commissioner’s travel expenses. So when it comes to transparency, the Commission is second to none.

In its Recommendation on enhancing the European nature and efficient conduct of the 2019 European Parliament elections, the Commission set out how the electoral process can be improved on the basis of the current Treaties while respecting the balance between the EU institutions and the Member States.

It recommended to engage with European citizens in debates ahead of the elections in order to help raise awareness on the issues at stake at Union level and how European political parties intend to address them during the upcoming legislature, and also called to pursue the ‘Spitzenkandidaten’ experience and to make the link between national and European parties more visible.

European Citizens’ Initiatives continue to be an important element of the Commission’s work, with the College of Commissioners discussing all requests for registration before deciding whether or not they can be approved. Thanks to the political commitment of the Juncker Commission to listen to citizens, over 90% of proposed initiatives have been registered since April 2015, compared to 60% under the previous Commission. The Juncker Commission has also delivered results for organisers and supporters, presenting two legislative proposals this year which stem from the successful ‘Right2Water’ and ‘Ban Glyphosate’ Citizens’ Initiatives. The reform proposals for the European Citizens’ Initiative announced by President Juncker in last year’s State of the Union Address will make this valuable instrument even more user-friendly. The European Parliament and Council have just begun negotiations on the new proposal with the aim of concluding before the end of the year, so that citizens benefit from the improvements as soon as possible.
The new Better Regulation tools put in place by the Juncker Commission provide a solid basis for timely and sound policy decisions. New proposals and existing legislation are now under closer scrutiny thanks to more extensive engagement with the public, systematic use of evaluation, high quality impact assessments, and a strengthened check of regulatory fitness. Citizens are increasingly seizing the improved opportunities to contribute to EU policy making. The 4.6 million contributions to the Commission’s recent public consultation on a revision of the summertime directive illustrate this growing engagement. This approach also forces policymakers and stakeholders to argue on the basis of evidence and expected impacts. It is further complemented by a new approach to enforcement to ensure swift and effective compliance with adopted laws.

The Task Force on ‘Doing Less More Efficiently’ has now delivered its final report to President Juncker. It concluded that a new way of working on subsidiarity and proportionality is necessary to allow the Union to use its resources more efficiently and allow local and regional authorities to make a more effective contribution to policymaking. This would include a new ‘assessment grid’ to evaluate subsidiarity and proportionality throughout the legislative process and a flexible interpretation of the time given to national Parliaments to comment on draft legislation. While the Task Force found no areas where EU action did not add value, and where competences should be re-delegated to Member States, it received input from numerous stakeholders about existing legislation which could be reviewed from the perspectives of subsidiarity and proportionality.

To ensure that we deliver together with the European Parliament and the Council on the proposals and promises made in the previous four years, the Commission is closely following the legislative files on the table, in particular those identified as priorities in the Joint Declarations on Legislative Priorities agreed by the Presidents of the three institutions. In 2016 and 2017, they highlighted 89 initiatives for which priority treatment in the legislative process was needed. The European Commission had adopted all 89 proposals announced in the Joint Declarations, out of which 43 have already been agreed by the European Parliament and the Council.

The Commission Work Programme for 2019 will necessarily contain only a very limited number of new initiatives to allow all the institutions to complete our joint legislative agenda and focus on delivery and implementation.

To improve transparency about who is trying to influence the policy work of the EU institutions, negotiations continue with the Parliament and Council on the Commission’s proposal for a mandatory Joint Transparency Register. The Commission continues to take the lead in this field, with its ambitious proposals still needing to be matched by the other Institutions. Meanwhile, we have already been applying high standards to our own interactions with the outside world since November 2014, making the Register a de facto obligation for anyone that wants to meet the highest decision-makers in the Commission. As a result, almost 12,000 organisations and individuals now appear in the Transparency Register, compared to just over 7,000 when the Juncker Commission took office. We have also proposed to step up transparency in defined areas like food safety.

Another instrument to boost transparency launched at the end of last year is the register of delegated acts. This tool gives a full overview of the lifecycle of secondary legislation from planning to publication in the Official Journal.

The Juncker Commission will continue to treat its special partnership with the national Parliaments, European Parliament and citizens as a priority until its final day in office.

Members of the College of Commissioners have now participated in almost 1,000 Citizens’ Dialogues, reaching hundreds of thousands of citizens in person and online through these town hall meetings which enable a free and open debate about Europe and its policies and future.

Since the Juncker Commission took office, the President and the First Vice-President have taken part in 169 debates in the European Parliament; Vice-Presidents and Commissioners have taken part in a further 1711 debates. There have also been 837 visits and meetings between Commissioners and national Parliaments.

The Juncker Commission is committed to the highest administrative standards and has a proven track record. In 2017, almost 95% of all decisions and recommendations issued by the European Ombudsman were closed without any finding of maladministration.
Legislative Priorities: State of Play

European citizens expect the European Union to make a concrete difference. Delivering results where they are most needed requires that the European Parliament, the Council and the European Commission work closely together, in particular when it comes to the European legislative process.

The European Commission has now delivered all the proposals it committed to make on the 10 priorities, of which 50% are now completed collectively by the European Parliament, the Council and the European Commission. From the remaining files, 20% show substantial progress and 30% will still require further political efforts.

In 2016 and 2017, the European Parliament, the Council and the European Commission agreed on two Joint Declarations on the EU’s legislative priorities. They highlighted 89 initiatives for which priority treatment in the legislative process was needed. This represents a common commitment by the three institutions to ensure substantial progress and, where possible, delivery before the European elections in May 2019.

By 14 June 2018, the European Commission had adopted all the proposals announced in the Joint Declarations. Of these 89 Commission proposals, 43 have already been agreed by the European Parliament and the Council.

Looking at the proposals still on the table, 18 are well on track to be agreed by May 2019. The remaining 28 proposals can still be agreed by May 2019 if there is strong political will from the co-legislators. One of these is the package on the Multiannual Financial Framework for 2021-2027, which, while listed as a single item in the Joint Declaration, includes 51 legislative proposals. The leading political figures in all EU institutions need to be fully engaged if all these proposals are to be completed by the end of this legislature. The Commission stands ready to support the European Parliament and the Council to ensure that the files are delivered.

43 Presented and agreed

18 Swift agreement possible by following normal procedures

28 Agreement possible if strong political commitment from all EU institutions
by ensuring Member States’ authorities know who is crossing our common external borders;

by having in place interoperable EU information systems for security, criminal records and border and migration management;

by strengthening our instruments on the fight against terrorism and against money laundering;

by enhancing the competitiveness and innovation of the EU defence industry via a European Defence Fund.

### BETTER PROTECTING THE SECURITY OF OUR CITIZENS

<table>
<thead>
<tr>
<th>POLICY</th>
<th>DESCRIPTION</th>
<th>European Commission</th>
<th>European Parliament</th>
<th>Council of the European Union</th>
</tr>
</thead>
<tbody>
<tr>
<td>European Travel Information and Authorisation System</td>
<td>Proposed in November 2016; formal adoption Autumn 2018.</td>
<td>▼</td>
<td>▼</td>
<td>▼</td>
</tr>
<tr>
<td>European Agency for the operational management of large-scale IT systems in the area of freedom, security and justice</td>
<td>Proposed in June 2017; agreed between co-legislators May 2018; formal adoption autumn 2018.</td>
<td>▼</td>
<td>▼</td>
<td>▼</td>
</tr>
<tr>
<td>Schengen Information System (SIS) in the field of police cooperation and judicial cooperation in criminal matters</td>
<td>Proposed in December 2016; agreed between co-legislators June 2018; formal adoption autumn 2018.</td>
<td>▼</td>
<td>▼</td>
<td>▼</td>
</tr>
<tr>
<td>Schengen Information System (SIS) in the field of border checks</td>
<td></td>
<td>▼</td>
<td>▼</td>
<td>▼</td>
</tr>
<tr>
<td>Schengen Information System (SIS) for the return of illegally staying third-country nationals</td>
<td></td>
<td>▼</td>
<td>▼</td>
<td>▼</td>
</tr>
<tr>
<td>Money laundering and terrorist financing</td>
<td>Proposed July 2016; agreed between co-legislators December 2017; formal adoption May 2018.</td>
<td>▼</td>
<td>▼</td>
<td>▼</td>
</tr>
<tr>
<td>European Defence Industrial Development Programme</td>
<td>Proposed June 2017; agreed between co-legislators May 2018; formal adoption July 2018.</td>
<td>▼</td>
<td>▼</td>
<td>▼</td>
</tr>
<tr>
<td>Entry/exit system</td>
<td></td>
<td>▼</td>
<td>▼</td>
<td>▼</td>
</tr>
<tr>
<td>POLICY</td>
<td>DESCRIPTION</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Control of the acquisition and possession of weapons</td>
<td>Proposed November 2015; formal adoption May 2017.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>European Criminal Records Information System</td>
<td>On this proposal from January 2016 aimed at more effective exchanges of criminal record information regarding non-EU nationals, trilogues are ongoing and there is a reasonable prospect of an agreement this year.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interoperability between EU information systems (borders and visa)</td>
<td>These proposals, presented at the end of 2017 as part of the Security Union, aim at closing information gaps by upgrading EU information systems for security, border and migration management and making them work together in a smarter and more efficient way. The Council has approved its negotiating mandate and the Parliament plans to do the same in the autumn, after which trilogues could begin.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interoperability between EU information systems (police and judicial cooperation, asylum and migration)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cross-border access of law enforcement authorities to electronic evidence</td>
<td>These proposals, also part of the Security Union, were made by the European Commission in April 2018. The Parliament and the Council have not yet adopted their negotiating positions.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cross-border access to and use of financial data by law enforcement authorities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
including the reform of the Common European Asylum System, including the Dublin mechanism, and the legal migration package.

### POLICY

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>European Commission</th>
<th>European Parliament</th>
<th>Council of the European Union</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Asylum: Dublin System</strong></td>
<td>▶️ ⚫</td>
<td></td>
<td></td>
</tr>
<tr>
<td>This set of seven proposals to reform the Common European Asylum System and related measures was presented by the European Commission in mid-2016 and is interconnected in many ways. Substantial progress has been made on five of them (by June 2018, Reception, Qualification, Eurodac and Resettlement had been agreed by the co-legislators in trilogues and there was a partial agreement on the Asylum Agency). The provisional agreement in trilogues has however yet to be endorsed by the co-legislators as it is linked to an overall agreement on the package.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Asylum: Eurodac</strong></td>
<td>▶️ ⚫</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Asylum procedure</strong></td>
<td>▶️ ▪️</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Asylum Agency</strong></td>
<td>▶️ ▪️</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Reception conditions</strong></td>
<td>▶️ ▪️</td>
<td></td>
<td></td>
</tr>
<tr>
<td>However, political agreement on the 'Dublin' system, which identifies which Member State should deal with individual asylum applications, will be needed to ensure the whole set of legislation is adopted. On that file, the Parliament adopted a mandate to enter into interinstitutional negotiations in November 2017, while the Council is currently working towards a negotiating mandate. In June, the European Council called to find an agreement on the whole package and will discuss a progress report in October. The proposal on the asylum procedure is closely linked to the ‘Dublin’ proposal; it will probably proceed in parallel.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Asylum Qualification</strong></td>
<td>▶️ ▪️</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Union resettlement framework</strong></td>
<td>▶️ ▪️</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>European Investment Bank external lending mandate</strong></td>
<td>▶️ ▪️</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proposed September 2016; formal adoption March 2018.</td>
<td>▶️ ▪️</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>European Investment Bank: Guarantee fund for external actions</strong></td>
<td>▶️ ▪️</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>External Investment Plan/European Fund for Sustainable Development</strong></td>
<td>▶️ ▪️</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proposed September 2016; formal adoption September 2017.</td>
<td>▶️ ▪️</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Entry and residence of third-country nationals for the purposes of highly skilled employment</strong></td>
<td>▶️ ▪️</td>
<td></td>
<td></td>
</tr>
<tr>
<td>This proposal on legal migration, also known as the 'Blue card' scheme, was put forward by the European Commission in mid-2016. Trilogues began in late 2017, but progress has slowed down and no other trilogues have taken place this year.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
GIVING A NEW BOOST TO JOBS, GROWTH AND INVESTMENT

- by modernising the EU trade defence instruments and making progress on screening foreign direct investment in the EU;
- by improving waste management in a circular economy;
- by pursuing efforts to deepen our Economic and Monetary Union and by completing our Banking Union in a way that balances risk sharing and risk reduction.

<table>
<thead>
<tr>
<th>POLICY</th>
<th>DESCRIPTION</th>
<th>LEGISLATIVE INITIATIVES PRESENTED BY THE JUNCKER COMMISSION</th>
</tr>
</thead>
<tbody>
<tr>
<td>European Fund for Strategic Investments 2.0</td>
<td>Proposed September 2016; formal adoption December 2017.</td>
<td>21</td>
</tr>
<tr>
<td>Trade Defence Modernisation</td>
<td>Proposed April 2013; formal adoption May 2018.</td>
<td>10</td>
</tr>
<tr>
<td>Circular economy: Waste batteries and accumulators</td>
<td></td>
<td>5</td>
</tr>
<tr>
<td>Circular economy: Waste</td>
<td></td>
<td>6</td>
</tr>
<tr>
<td>Circular economy: Packaging and packaging waste</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ranking of unsecured debt instruments in insolvency hierarchy</td>
<td>Proposed November 2016; formal adoption December 2017.</td>
<td></td>
</tr>
<tr>
<td>Capital Markets Union — Securitisation</td>
<td>Proposed September 2015; formal adoption December 2017.</td>
<td></td>
</tr>
<tr>
<td>Multiannual Financial Framework review, including funds for Youth Employment Initiative</td>
<td>Proposed September 2016; formal adoption June 2017.</td>
<td></td>
</tr>
<tr>
<td>Comprehensive proposal for the future Multiannual Financial Framework beyond 2020 including proposals for the next generation of programmes(1)</td>
<td>The 51 legislative proposals that are part of this package were presented between 2 May 2018 and 14 June 2018. The Parliament and the Council have started work on all of them. Adoption before the European elections would pave the way for a smooth start to the next EU spending period and avoid gaps for all those activities that rely on EU funding.</td>
<td></td>
</tr>
</tbody>
</table>

(1) The table on page 65 presents in detail all the proposals that are part of the package.
<table>
<thead>
<tr>
<th>POLICY</th>
<th>DESCRIPTION</th>
<th>European Commission</th>
<th>European Parliament</th>
<th>Council of the European Union</th>
</tr>
</thead>
<tbody>
<tr>
<td>Screening of foreign direct investments</td>
<td>On this proposal, presented on the occasion of the State of the Union address 2017, the Parliament and the Council adopted their negotiating positions in June 2018. Trilogues started in July 2018.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deepening of the Economic and Monetary Union</td>
<td>This package of four proposals was presented at the end of 2017. Agreement was reached in trilogues on the Structural Reform Support Programme in July and formal adoption should take place in the autumn. However, for the European Monetary Fund, Common Provisions Regulation and the Treaty on Stability, Coordination and Governance, neither the Parliament nor the Council has adopted a negotiating position.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>European Deposit Insurance Scheme</td>
<td>A key part of completing the Banking Union, this proposal was tabled by the European Commission in November 2015. It has so far proven difficult for either co-legislator to reach an internal consensus on the main political provisions. In June 2018, the Euro Summit called on finance ministers to draw up a roadmap for beginning political negotiations on this file. The Parliament intends to agree on its negotiating mandate towards the end of the year.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Requirements Regulation Reform</td>
<td>This proposal from November 2016 has been split, to allow for more rapid consideration of the adaptation of the EU accounting rules to International Financial Reporting Standard 9 and to deal with large financial exposures, on which an agreement was found and legislation was formally adopted in December 2017. On the remainder of the proposal, trilogues started in July 2018 and an agreement by the end of 2018 appears possible.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss-absorbing and recapitalisation capacity — Regulation</td>
<td>On these linked proposals from November 2016, trilogues began in July 2018 and agreement by the end of 2018 appears possible.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss-absorbing and recapitalisation capacity — Directive</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supervision of credit institutions and investment firms: Exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures</td>
<td>On this proposal, also part of the Banking Union package from November 2016, both co-legislators have adopted their negotiating mandates. Trilogues began in July 2018 and an agreement by the end of the year is possible.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recovery and resolution of central counterparties</td>
<td>On this proposal from November 2016, the Parliament adopted its negotiating position in February 2018, whereas the Council has not yet adopted a position.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### ADDRESSING THE SOCIAL DIMENSION OF THE EUROPEAN UNION

- by working on improving the coordination of social security systems;
- by protecting workers from health risks in the workplace;
- by ensuring fair treatment for all in our labour markets through modernised rules on the posting of workers and by improving cross-border enforcement.

<table>
<thead>
<tr>
<th>POLICY</th>
<th>DESCRIPTION</th>
<th>European Commission</th>
<th>European Parliament</th>
<th>Council of the European Union</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Development of secondary markets for non-performing loans</strong></td>
<td>This proposal was presented by the European Commission in March 2018 as part of the risk reduction measures, part of the Banking Union. Discussions are only at an early stage in the Parliament and the Council.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Enabling framework for the development of EU Sovereign Bond-backed securities</strong></td>
<td>A risk-reduction proposal to ensure a stronger and more resilient Economic and Monetary Union, this proposal was presented by the European Commission in May 2018. Discussions are only at an early stage in the Parliament and the Council.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Posting of workers in the framework of provision of services</strong></td>
<td>Proposed March 2016; formal adoption June 2018.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>European Solidarity Corps</strong></td>
<td>Proposed May 2017; agreed between co-legislators June 2018; formal adoption autumn 2018.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Coordination of social security systems</strong></td>
<td>On this proposal, presented in December 2016, the Council approved a negotiating mandate in June 2018, while the Parliament plans to do so in the autumn, which would allow trilogues to begin still in of 2018.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Protection of workers from carcinogens or mutagens at work</strong></td>
<td>This proposal is from January 2017. Trilogues started in May 2018 and will continue in the second part of the year with a reasonable prospect of an agreement.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Accessibility requirements for products and services</strong></td>
<td>This proposal, put forward by the European Commission in 2015, has seen trilogues ongoing since the end of 2017. An agreement might be found before the end of the year.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**DELIVERING ON OUR COMMITMENT TO IMPLEMENT A CONNECTED DIGITAL SINGLE MARKET**

- by completing the modernisation of rules for the electronic communications sector;
- by setting higher standards of consumer protection for online and distance sales of both digital and physical goods;
- by strengthening cybersecurity.

<table>
<thead>
<tr>
<th>POLICY</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>European Electronic Communications Code (+WiFi4EU)</td>
<td>Proposed September 2016; formal adoption autumn 2018. Alongside this file, the Commission has been tracking the progress of the WiFi4EU proposal, which, while not among the Joint Declaration priorities, is related: proposed September 2016; formal adoption October 2017.</td>
</tr>
<tr>
<td>Body of European Regulators for Electronic Communications</td>
<td>Proposed September 2016; formal adoption autumn 2018.</td>
</tr>
<tr>
<td>Audiovisual media services</td>
<td>Proposed September 2016; formal adoption autumn 2018.</td>
</tr>
<tr>
<td>Marrakesh Treaty: accessible format copies</td>
<td></td>
</tr>
<tr>
<td>Use of the 470-790 MHz frequency band in the Union</td>
<td>Proposed February 2016; formal adoption May 2017</td>
</tr>
<tr>
<td>Preventing unjustified geoblocking</td>
<td>Proposed May 2016; formal adoption February 2018.</td>
</tr>
<tr>
<td>Free flow of non-personal data</td>
<td>Proposed September 2017; agreement June 2018; formal adoption autumn 2018.</td>
</tr>
<tr>
<td>Cybersecurity</td>
<td>With this proposal presented in September 2017 alongside last year’s State of the Union address, the European Commission aimed to strengthen the mandate of the European Union Agency for Network and Information Security (ENISA), and to regulate cybersecurity certification. The Council adopted its negotiating mandate in June 2018 while the Parliament is likely to do the same in September 2018. This would allow trilogues to start in the last quarter of this year.</td>
</tr>
</tbody>
</table>
DELIVERING ON OUR OBJECTIVE OF AN AMBITIOUS ENERGY UNION AND A FORWARD-LOOKING CLIMATE CHANGE POLICY

- notably by implementing the 2030 climate and energy framework;
- by continuing to follow up on the Paris Agreement, including through legislation on clean energy for all Europeans and on clean mobility.

<table>
<thead>
<tr>
<th>POLICY</th>
<th>DESCRIPTION</th>
<th>European Commission</th>
<th>European Parliament</th>
<th>Council of the European Union</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contracts for the supply of digital content</td>
<td>On this proposal from December 2015, trilogues have been ongoing since December 2017 and will continue in the autumn. However, the co-legislators have linked its conclusion to progress being made on the related proposal on the distance sale of physical goods (see below), where discussions are progressing more slowly.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contracts for the online and other distance sales of goods</td>
<td>On this proposal from 2015, as amended in October 2017, Parliament approved a negotiating mandate in March 2018, but the Council has yet to do so and progress has been slow.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fairness in platform-to-business relations</td>
<td>This proposal was one of the final priorities to be presented by the European Commission — in April 2018. It aims at boosting the transparency of online platforms. Discussions are at an early stage in the Parliament and the Council.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Copyright in the digital single market</td>
<td>On this proposal from September 2016, the Council adopted a negotiating mandate in May 2018, while the Parliament works towards agreeing a negotiation mandate in September. In this case, trilogues could start still in autumn 2018.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Online transmission of broadcasting organisations (‘CAB-SAT’)</td>
<td>On this proposal from September 2016, trilogues are on-going. There is a reasonable prospect of reaching an agreement in autumn this year.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e-Privacy</td>
<td>Of these two proposals from January 2017, the one on EU internal data protection rules was agreed in May 2018 and formal adoption will follow in the autumn. On the other hand, on e-Privacy, whereas Parliament adopted a position in October 2017, the Council has not yet adopted a negotiating position.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>POLICY</td>
<td>DESCRIPTION</td>
<td>European Commission</td>
<td>European Parliament</td>
<td>Council of the European Union</td>
</tr>
<tr>
<td>-----------------------------------------------------------------------</td>
<td>-----------------------------------------------------------------------------------------------</td>
<td>---------------------</td>
<td>---------------------</td>
<td>-------------------------------</td>
</tr>
<tr>
<td>Effort-sharing Regulation</td>
<td>Proposed July 2016; formal adoption May 2018.</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Greenhouse gas emissions and removals from land use, land use change and forestry</td>
<td>Proposed July 2016; formal adoption May 2018.</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Energy from renewable sources</td>
<td>Proposed November 2016; agreed between co-legislators June 2018; formal adoption autumn 2018.</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Energy Efficiency</td>
<td>Proposed November 2016; agreed between co-legislators June 2018; formal adoption autumn 2018.</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Governance of the Energy Union</td>
<td>Proposed November 2016; agreed between co-legislators June 2018; formal adoption autumn 2018.</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Common rules for the internal market in electricity (Directive)</td>
<td></td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Internal market for electricity (Regulation)</td>
<td>On the electricity proposals, presented in November 2016, trilogues will continue (in the case of the market rules) or begin (the Agency and risk-preparedness) in September 2018, which makes agreement this year possible.</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>European Agency for the Cooperation of Energy Regulators</td>
<td></td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Risk-preparedness in the electricity sector</td>
<td></td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Charging of heavy goods vehicles</td>
<td>On these two proposals from May 2017, part of the ‘Europe on the Move’ package, the Parliament approved a negotiating mandate in June 2018, but the Council has yet to do so, so trilogues are not immediately in prospect.</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Use of vehicles hired without drivers</td>
<td></td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Interoperability of electronic road toll systems</td>
<td>On this proposal from May 2017, also part of the ‘Europe on the Move’ package, trilogues started in July 2018.</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Pursuing the occupation of road transport operator and access to the international road haulage market</td>
<td>On this part of the May 2017 ‘Europe on the Move’ package, neither co-legislator has approved a negotiating mandate. In the case of the Parliament, in July 2018 the plenary session opposed the draft mandate and returned the file to the Transport Committee for redrafting. This means a particularly strong political commitment will be needed if the proposal is to be adopted before the European elections.</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
</tbody>
</table>

**NOTE:** The symbols (●) indicate the level of agreement or implementation status of the policies as follows: ● means full agreement or implementation, ○ means partial agreement or implementation, and □ means no agreement or implementation.
**POLICY**

<table>
<thead>
<tr>
<th>Description</th>
<th>European Commission</th>
<th>European Parliament</th>
<th>Council of the European Union</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clean and efficient road transport vehicles</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>Combined transport of goods between Member States</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>International market for coach and bus services</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>Emission performance standard for new passenger cars and for new light commercial vehicles</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
</tbody>
</table>

**FURTHER DEVELOPING DEMOCRATIC LEGITIMACY AT EU LEVEL**

by improving the functioning of the European Citizens’ Initiative and by increasing transparency in the financing of political parties.

---

**POLICY**

<table>
<thead>
<tr>
<th>Description</th>
<th>European Commission</th>
<th>European Parliament</th>
<th>Council of the European Union</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statute and funding of European political parties and European political foundations</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>European Citizens’ Initiative</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
</tbody>
</table>
Comprehensive proposal for the future Multiannual Financial Framework beyond 2020 including proposals for the next generation of programmes

A forward-looking new financial framework for the years after 2020, supporting the objectives of the Union and ensuring the right balance between EU policies and the interest of citizens, was presented by the Commission in May-June 2018. The June European Council called on the European Parliament and the Council to examine these proposals ‘in a comprehensive manner and as soon as possible’. Work by both co-legislators is under way on all the 51 legislative proposals (general framework proposals and 37 programmes) included in the package.

### GENERAL FRAMEWORK

<table>
<thead>
<tr>
<th>Policy Area</th>
<th>European Commission</th>
<th>European Parliament</th>
<th>Council of the European Union</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Framework (Multiannual Financial Framework 2021-2027 and Interinstitutional agreement)</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Regulation on the protection of the EU budget in case of generalised deficiencies as regards the rule of law</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Own resources — Decision and related acts</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Common Provisions Regulation</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

### SINGLE MARKET, INNOVATION AND DIGITAL

<table>
<thead>
<tr>
<th>Policy Area</th>
<th>European Commission</th>
<th>European Parliament</th>
<th>Council of the European Union</th>
</tr>
</thead>
<tbody>
<tr>
<td>Horizon Europe</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Euratom Research and Training Programme</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>ITER — International Thermonuclear Experimental Reactor</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>InvestEU</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Connecting Europe Facility</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Digital Europe Programme</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Single Market Programme</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>EU Anti-Fraud Programme</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>FISCALIS — Cooperation in the field of taxation</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>CUSTOMS — Cooperation in the field of customs</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>European Space Programme</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

### COHESION AND VALUES

<table>
<thead>
<tr>
<th>Policy Area</th>
<th>European Commission</th>
<th>European Parliament</th>
<th>Council of the European Union</th>
</tr>
</thead>
<tbody>
<tr>
<td>European Regional Development Fund and Cohesion Fund</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Support to the Turkish Cypriot Community</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Reform Support Programme</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>POLICY</td>
<td>European Commission</td>
<td>European Parliament</td>
<td>Council of the European Union</td>
</tr>
<tr>
<td>-----------------------------------------------------------------------</td>
<td>---------------------</td>
<td>---------------------</td>
<td>------------------------------</td>
</tr>
<tr>
<td>European Investment Stabilisation Function for the Economic and Monetary Union</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PERICLES — Protection of the euro against counterfeiting</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>European Social Fund+</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Erasmus+</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>European Solidarity Corps</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Justice, Rights and Values</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creative Europe</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NATURAL RESOURCES AND ENVIRONMENT</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>European Agricultural Guarantee Fund and European Agricultural for Rural Development</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>European Maritime and Fisheries Fund/International Fisheries Agreement</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LIFE — Programme for the Environment and Climate Action</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MIGRATION AND BORDER MANAGEMENT</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asylum and Migration Fund</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Integrated Border Management Fund</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SECURITY AND DEFENCE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internal Security Fund</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nuclear Decommissioning in Lithuania</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nuclear Safety and Decommissioning</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>European Defence Fund</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>rescEU — Union Civil Protection Mechanism</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NEIGHBOURHOOD AND THE WORLD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Neighbourhood, Development and International Cooperation Instrument</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Humanitarian Aid</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common Foreign &amp; Security Policy</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cooperation with Overseas Countries and Territories (including Greenland)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Instrument for Pre-Accession Assistance</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
PRESENTED AND AGREED
SWIFT AGREEMENT POSSIBLE BY FOLLOWING NORMAL PROCEDURES
AGREEMENT POSSIBLE IF STRONG POLITICAL COMMITMENT FROM ALL EU INSTITUTIONS

<table>
<thead>
<tr>
<th>INSTRUMENTS OUTSIDE THE CEILINGS</th>
<th>European Commission</th>
<th>European Parliament</th>
<th>Council of the European Union</th>
</tr>
</thead>
<tbody>
<tr>
<td>European Globalisation Adjustment Fund</td>
<td>![Green Circle]</td>
<td>![Red Circle]</td>
<td>![Red Circle]</td>
</tr>
<tr>
<td>Off-Budget — European Peace Facility</td>
<td>![Green Circle]</td>
<td>![Red Circle]</td>
<td>![Red Circle]</td>
</tr>
</tbody>
</table>
STATE OF THE UNION 2018
ROADMAP FOR A MORE UNITED, STRONGER AND MORE DEMOCRATIC UNION: ONE YEAR ON AND NEXT STEPS
Roadmap for a More United, Stronger and More Democratic Union: One Year on and Next Steps

ROAD TO SIBIU

In the 2016 State of the European Union Address, President Juncker announced a positive agenda for a Europe that protects, empowers and defends, kick-starting the reflection process on the future of Europe, and of the EU at 27.

The following months saw the EU27 Heads of State or Government adopt two important Declarations on the path ahead: the Bratislava Declaration in September 2016, and the Rome Declaration in March 2017.

To steer the reform process and stimulate discussion, President Juncker proposed a Roadmap for a More United, Stronger and More Democratic Union in his 2017 State of the European Union Address. Building on this, EU Leaders agreed at the October 2017 European Council on a Leaders’ Agenda — a work programme to unblock and find solutions to most pressing issues, challenges and priorities of the European Union.

Work is well under way to implement what has been decided. The European Commission has adopted all the relevant proposals that were agreed in Bratislava and Rome, submitting ambitious proposals in the areas of migration, Economic and Monetary Union, institutional issues, taxation in the digital economy, digital issues, research and innovation, education and culture. But there is still more to do. In September 2018, Leaders will discuss internal security, in October trade, in December the Single Market, and in March 2019 the Economic and Monetary Union. Next year, EU Leaders will meet in Sibiu, Romania to conclude these discussions.

By the time of the Sibiu Summit, ahead of the elections to the European Parliament, the Union must show to its citizens, and to the world, that it is able to deliver on the positive agenda for the EU at 27. By then, swift progress should also have been achieved on the Multiannual Financial Framework 2021-2027. A swift political agreement on a new, modern EU budget will be essential to demonstrate that the Union is ready to deliver. It is the moment for the EU Leaders to present a vision of a modernised EU, relevant and appealing to European citizens.

SIBIU SUMMIT

On 9 May 2019, at a Summit in Sibiu, Leaders are expected to reflect on a new Strategic Agenda which will set priorities and guide the work of the European Union over the next five years.

The European Parliament elections will then take place on 23 May 2019, when citizens will decide who they want to represent them during the period 2019-2024, and the political direction they wish Europe to take.
LEADERS’ AGENDA — EUROPEAN COMMISSION CONTRIBUTIONS

13 September 2017 (Strasbourg, France)

President Juncker’s State of the Union Address
Roadmap for a More United, Stronger and More Democratic Union

28-29 September 2017 (Tallinn, Estonia)

Future of the EU — Informal Dinner with EU Leaders
State of the Union Address and Roadmap for a More United, Stronger and More Democratic Union

At the dinner ahead of the Tallinn Digital Summit, Leaders’ discussions concentrated on the future of the EU, following the debate launched by the White Paper on the future of Europe and the way ahead outlined by the President in his State of the Union Address 2017. Leaders agreed that the future of Europe debate should continue.

Cyberspace — Tallinn Digital Summit
- Communication ‘Resilience, Deterrence and Defence: Building strong cybersecurity for the EU’
- Proposal for a Regulation on ENISA, the ‘EU Cybersecurity Agency’, and on Information and Communication Technology cybersecurity certification (‘Cybersecurity Act’)
- Recommendation on Coordinated Response to Large Scale Cybersecurity Incidents and Crises
- Communication ‘Making the most of the Directive on security of network and information’
- Proposal for a Directive on combating fraud and counterfeiting of non-cash means of payment
- Report assessing the extent to which the Member States have taken the necessary measures in order to comply with Directive 2013/40/EU on attacks against information systems

Leaders’ discussions focused on the digital economy and society. They discussed the European Commission’s proposals (presented between 13 September and 28 September) for strengthening the EU’s cybersecurity and setting out measures towards a fair taxation of the digital economy. Leaders agreed on the need for digital innovation enabling Europe to stay ahead of the technological curve and be a digital lead in the global world in the years to come.

19-20 October 2017 (Brussels, Belgium)

Leaders’ Agenda

Following the Tallinn Digital Summit, Leaders had a political exchange on the Leaders’ Agenda, proposed by President Tusk, for the coming 18 months until the European Parliament elections. The Agenda took up the idea of organising informal topical summits in Member States that are holding the Presidency of the Council of the European Union from President Juncker’s Roadmap for a More United, Stronger and More Democratic Union. Leaders also agreed to new working methods, where they would discuss topical issues during informal summits with no immediate outcome to help build consensus. Concrete follow-up would be reflected in the conclusions of the subsequent formal European Council.
17 November 2017 (Gothenburg, Sweden)

Social Summit for Fair Jobs and Growth

Proclamation of ‘The European Pillar of Social Rights’
The European Parliament, the Council of the EU and the Commission solemnly proclaimed the European Pillar of Social Rights at the Social Summit for fair jobs and growth. The Pillar was first announced by President Juncker in his 2015 State of the European Union Address and presented by the Commission in April 2017.

Education and culture

Communication ‘Strengthening European Identity through Education and Culture’
On the 30th anniversary of the Erasmus programme, EU Leaders took the opportunity to strengthen European identity through education and culture with their vision for a European Education Area. The following month, they formally set out priorities for boosting mobility, increasing Erasmus exchanges, enhancing language learning and promoting the mutual recognition of higher education and school leaving diplomas.

14-15 December 2017 (Brussels, Belgium)

Completing Europe’s Economic and Monetary Union:
- Communication ‘Further steps towards completing the Economic and Monetary Union: A Roadmap’
- Proposal for a Regulation on the establishment of a European Monetary Fund anchored in the Union legal framework
- Proposal for a Directive on integrating the substance of the Treaty on Stability, Coordination and Governance into the Union legal framework
- Communication ‘New budgetary instruments for a stable euro area within the Union framework’
- Targeted changes in the Common Provisions Regulation to mobilise funds in support of national reforms
- Proposal for a Regulation on strengthening the Structural Reform Support Programme
- Communication ‘A European Minister of Economy and Finance’
The EU27 Heads of State or Government had an open discussion about the Economic and Monetary Union and the Banking Union on the basis of a note by President Tusk and against the background of the European Commission proposals in these areas. The improved economic situation provided an opportunity for the Leaders to discuss the challenges ahead and the ways to tackle future crises.

Migration

Communication ‘Commission contribution to the EU Leaders’ thematic debate on a way forward on the external and the internal dimension of migration policy’
Leaders agreed that migration management is a shared responsibility, and a comprehensive approach must combine more effective control of the EU’s external borders, increased external action and internal aspects to build mutual trust and solidarity. In December 2017, Leaders took steps to move from an ‘ad hoc’ approach towards a stable future-proof asylum framework as part of a fully integrated EU migration policy.

23 February 2018 (Brussels, Belgium)

Institutional issues
- Communication ‘A Europe that delivers: Institutional options for making the European Union’s work more efficient’
- Recommendation on enhancing the European nature and efficient conduct of the 2019 elections to the European Parliament
A number of practical steps were discussed to make the EU work better. Leaders debated the issue of lead candidates in the European Parliament elections, the composition of the Parliament and Commission for the 2019-2024 term and how to foster public debate and engagement. President Juncker presented his ideas for a double-hatted President of the European Council and the Commission.

**Multiannual Financial Framework**

*Communication ‘A new, modern Multiannual Financial Framework for a European Union that delivers efficiently on its priorities post-2020’*

Leaders debated the priorities of the next long-term EU budget for the period 2021-2027, the so-called ‘Multiannual Financial Framework’. This debate guided the European Commission’s proposals later in the spring for a new, modern and focused long-term budget.

**22 March 2018 (Brussels, Belgium)**

**Taxation in the digital economy**

- *Communication ‘Time to establish a modern, fair and efficient taxation standard for the digital economy’*
- *Proposal for a ‘Directive laying down rules relating to the corporate taxation of a significant digital presence’*
- *Proposal for a ‘Directive on the common system of a digital services tax on revenues resulting from the provision of certain digital services’*
- *Recommendation relating to the corporate taxation of a significant digital presence*

Leaders discussed the issue of taxation in the digital economy. Their aim was to lead the way in designing tax laws fit for the modern global economy and the digital age. The European Commission tabled legislative proposals to deliver on the task.

**16-17 May 2018 (Sofia, Bulgaria)**

**Digital issues, research and innovation — Informal Dinner with EU Leaders**

- *Communication ‘Completing a trusted Digital Single Market for all’*
- *Communication ‘A Renewed European agenda for Research and Innovation — Europe’s chance to shape its future’*

Leaders met in May 2018 to address digital issues, research and innovation, with a focus on data protection and the Digital Single Market, which are close to the hearts of Europeans. They addressed artificial intelligence, cybersecurity, 5G connectivity and high-performance computing. Leaders looked at maximising investments in research and innovation, agreeing to set up a European Innovation Council.

**EU–Western Balkans — EU–Western Balkans Summit**

*Communication ‘A credible enlargement perspective and enhanced EU engagement for the Western Balkans’*

The Summit between the leaders of the European Union and the Western Balkan partners in Sofia confirmed the European perspective of the region and set out a number of concrete actions to strengthen cooperation in the areas of connectivity, security and the rule of law. To support the implementation of the Summit’s Sofia Declaration and the Commission’s Western Balkans Strategy, President Juncker announced a package of measures which will boost connectivity within the region and with the EU.
Leaders discussed the concrete proposals tabled by the European Commission in the preceding two months, and the timeline for adopting them. When Leaders meet in Sibiu on 9 May 2019, decisive progress on the Multiannual Financial Framework would show that the Union can bridge the gap between stating political priorities and delivering tangible results.

**Economic and Monetary Union**

*European Commission note ahead of the June European Council 2018 'Deepening Europe’s Economic and Monetary Union’*

Following the European Commission’s December Roadmap to enhance the unity, efficiency and democratic accountability of Europe’s Economic and Monetary Union by 2025, Leaders discussed the way forward. They agreed to finalise work on the Banking Package, accelerate work on the European Deposit Insurance Scheme and develop the European Stability Mechanism.

**Migration**

*European Commission note ahead of the June European Council 2018 ‘Managing Migration in all its aspects’*

EU action on migration has shown results, with the number of arrivals falling significantly in Greece and Italy. Discussions among Leaders turned to return and readmission, new concepts on disembarkation platforms and controlled centres, strengthening the European Border and Coast Guard and the European Asylum Support Office, engagement with African countries and the implementation of the EU–Turkey Statement.
12 September 2018 (Strasbourg, France)
President Juncker’s State of the Union Address

20 September 2018 (Salzburg, Austria)
Informal European Council on internal security and migration(*)

18-19 October 2018
European Council on internal security, migration and trade

15-16 November 2018 (Bregenz, Austria)
Conference organised by the Austrian Presidency on subsidiarity

13-14 December 2018
European Council on the Multiannual Financial Framework and the Single Market(*)

21-22 March 2019
European Council on Economic and Monetary Union and trade(*)

29 March 2019
UK’s withdrawal from the European Union

9 May 2019 (Sibiu, Romania)
Sibiu Summit and Sibiu Declaration
The first meeting of the EU Leaders following the UK’s withdrawal and the last meeting before the European Parliament elections

23-26 May 2019
European Parliament elections

20-21 June 2019
European Council: adoption of the Strategic Agenda 2019-2024 and high-level appointments

October 2019
European Council

December 2019
European Council

(*) Topics foreseen by the Leaders’ Agenda.
STATE OF THE UNION 2018

A MODERN BUDGET FOR A UNION THAT PROTECTS, EMPOWERS AND DEFENDS: THE MULTIANNUAL FINANCIAL FRAMEWORK FOR 2021-2027
A Modern Budget for a Union that Protects, Empowers and Defends: The Multiannual Financial Framework for 2021-2027

The EU budget is unique. Unlike national budgets which are used in large part to provide public services and fund social security systems, the EU budget is primarily an investment budget. The seven-year Multiannual Financial Framework provides a longer-term horizon and the stability needed for investment planning.

The EU budget translates political priorities into financial terms. It helps the European Union to implement common policies and address a wide range of challenges — both at home and elsewhere in the world. It represents a small part of total public expenditure in the Union, accounting for around 1% of the combined Gross National Income (GNI) of the 28 current Member States and only around 2% of public spending in the EU.

On 2 May 2018, the Commission presented its proposals for a modern, long-term budget for the 2021-2027 period. These proposals are built around the political priorities agreed by European Union Leaders in Bratislava and enshrined in the Rome Declaration.

The Commission’s proposals are a realistic response to an exceptionally challenging context. Technological and demographic change, migration, climate change and scarce resources, unemployment and security threats are compounded by geopolitical instability. In addition, the departure of the United Kingdom will have significant consequences for the EU budget.

The Multiannual Financial Framework 2021-2027

<table>
<thead>
<tr>
<th>EU27 allocations in 2020 (multiplied sevenfold to reflect the total envelope for 2014-2020)</th>
<th>2021–2027 (in billion euro)</th>
<th>% change from EU allocations for 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Horizon Europe</td>
<td>81</td>
<td>98</td>
</tr>
<tr>
<td>Cohesion Policy</td>
<td>397</td>
<td>373</td>
</tr>
<tr>
<td>Common Agricultural Policy</td>
<td>383</td>
<td>365</td>
</tr>
<tr>
<td>Connecting Europe Facility</td>
<td>27</td>
<td>31</td>
</tr>
<tr>
<td>Investments — InvestEU Fund</td>
<td>-</td>
<td>15</td>
</tr>
<tr>
<td>Digital</td>
<td>15</td>
<td>27</td>
</tr>
<tr>
<td>Space</td>
<td>13</td>
<td>16</td>
</tr>
<tr>
<td>EMU Reform Support Programme</td>
<td>0.5</td>
<td>25</td>
</tr>
<tr>
<td>Erasmus+</td>
<td>19</td>
<td>30</td>
</tr>
<tr>
<td>European Solidarity Corps</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Migration and Border Management</td>
<td>13</td>
<td>33</td>
</tr>
<tr>
<td>Security</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Defence</td>
<td>2</td>
<td>20</td>
</tr>
<tr>
<td>External Policy</td>
<td>101</td>
<td>123</td>
</tr>
</tbody>
</table>

(*) No comparison possible as the European Fund for Strategic Investments started only in the middle of 2014-2020 programming period.

The Commission’s proposal for the next Multiannual Financial Framework should better align available financing with our political priorities. It should build on what works well today while also anticipating the challenges of tomorrow. In line with the Rome Declaration, the budget should enable a Europe that is safe and secure, a Europe that is prosperous and sustainable, a Europe that is social, and a Europe that is stronger on the global scene. Since 2 May, the Commission has moved swiftly to also bring forward the legal proposals for the 37 programmes(2) that will implement and support our political priorities. In 2011, it took more than six months to prepare the whole set of proposals on the current financial framework, this time it took six weeks.

(2) For legal reasons, a limited number of programmes are based on more than one legal act.
The Commission has provided an unprecedented level of transparency on the financial implications of its proposals. This has provided a very good basis for the work in the European Parliament and the Council. Technical work has been advancing swiftly and needs to be sustained at the political level.

With the necessary political will, a swift agreement on a reasonable and fair Union budget can be achieved. A swift political agreement on a new, modern EU budget will be essential to demonstrate that the Union is ready to deliver. This would show that the Europe at 27 is unified and has a clear sense of purpose and direction. And it would give the best possible chance for new programmes to hit the ground running on schedule on 1 January 2021, turning political objectives into quick results on the ground.

Agreement on the next Multiannual Financial Framework in 2019 would not only send a signal of a strong and united Europe at 27 that is able to deliver convincingly, it would also ensure predictability and continuity in a world of rising uncertainty.

**WHAT HAS THE COMMISSION PROPOSED?**

**A new budget to deliver efficiently on key priorities, where the European added value is particularly strong**

The Commission proposes to boost funding in areas where the Union can contribute most effectively to the new and reinforced priorities set out by European Union Leaders in Bratislava and Rome. This will be done by expanding and modernising existing programmes with a proven track record, and by creating new tailor-made programmes in areas where a fresh approach is needed to help the Union deliver on its ambitions. For example:

- investing in **innovation and the digital economy**;
- creating **training and employment opportunities for young people**;
- continuing our work on a **comprehensive approach to migration and border management**;
- building up the Union’s capacity in **security and defence**;
- strengthening the EU’s **external action**;
- investing in climate action and environmental protection;
- strengthening the **Economic and Monetary Union** within the Union framework.

**New and reinforced priorities for the Union at 27**

<table>
<thead>
<tr>
<th>Priority</th>
<th>Increase under the new long-term EU budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research, Innovation &amp; Digital</td>
<td>x1.6</td>
</tr>
<tr>
<td>Youth</td>
<td>x2.2</td>
</tr>
<tr>
<td>LIFE Climate &amp; Environment</td>
<td>x1.7</td>
</tr>
<tr>
<td>Migration &amp; Borders</td>
<td>x2.6</td>
</tr>
<tr>
<td>Security</td>
<td>x1.8</td>
</tr>
<tr>
<td>External Action</td>
<td>x1.3</td>
</tr>
<tr>
<td>Climate Mainstreaming contributing to climate objectives</td>
<td>x1.6</td>
</tr>
</tbody>
</table>

**Combined increase = + €109 billion**

**Combined increase = + €114 billion**

---

**STATE OF THE UNION 2018**

**A MODERN BUDGET FOR A UNION THAT PROTECTS, EMPOWERS AND DEFENDS: THE MULTIANNUAL FINANCIAL FRAMEWORK FOR 2021-2027**
The result of these changes will be a modern, refocused and streamlined long-term budget. For the first time, around a third of the budget will be dedicated to new priority areas where the EU budget can deliver results for all Europeans that a purely national approach could not.

### A modern approach to traditional policies

Cohesion Policy and the Common Agricultural Policy will remain the largest elements in the future long-term budget. The Commission has proposed a comprehensive reform and modernisation of both policies. This will allow both policies to fulfil their Treaty objectives and to contribute significantly to new priorities and economic reform. Savings in both policies, of around 6% and 5% respectively (expressed in current prices compared to 2020 levels with the United Kingdom allocation excluded), are a necessary part of a balanced budget.

### A simpler, streamlined, more flexible budget

The EU budget has become too complicated, making life unnecessarily difficult for potential beneficiaries and obscuring what EU funding is for. The Commission has proposed:

- to **reduce the number of programmes to 37**, down from 58 under the current framework;
- to **simplify significantly the rules for EU funding**, cutting red tape and making it easier to make and application;
- to build on the existing flexibility instruments and crisis management tools to make the EU budget more responsive in a fast-changing world.

### Sound financial management and the rule of law

The Commission has strengthened the financial rulebook by introducing a new mechanism to protect the EU budget from generalised deficiencies in the rule of law in a Member State that can have serious consequences for sound financial management and effective EU funding. The new budgetary control mechanism will be objective and transparent and will apply to all. It is strictly separate from the mechanism provided for in Article 7 of the Treaty on European Union. The proposal is designed to ensure that individual beneficiaries do not suffer in the event that action has to be taken.
A fresh, fair approach to funding the EU budget

The Commission has proposed a package of new resources linked to the Emissions Trading System, the Common Consolidated Corporate Tax Base and a national contribution calculated on the amount of non-recycled plastic packaging waste. This will help to forge a closer link between the benefits of common policies in areas like the circular economy and the Single Market, and the financing of the budget that supports these policies. Moreover, the Commission proposal would gradually phase out the current complex system of rebates over a five-year period until national contributions reach a fair level comparable to other Member States not benefiting from a rebate. This gradual approach will avoid a sharp and sudden increase in national contributions as a result of this change.

A reasonable and responsible package for the Union of 27

The Commission proposal of €1,279 billion in commitments (in current prices) is equivalent to around 1.11% of the gross national income of the EU at 27. This compares to the current level of 1.16% for the EU27 when taking into account the European Development Fund, which will be integrated in the EU budget for the first time. The Union budget will remain a relatively small proportion of the European economy and total public spending.

The size of the EU budget as a percentage of gross national income

THE WAY FORWARD

The Commission proposes a modern budget for a Union that protects, empowers and defends.

The Commission’s proposals are fair and balanced, combining additional financial efforts with deep modernisation and a strong focus on efficiency and budgetary rigour. This will allow the Union to move forward together with confidence to deliver on our common agenda. It is time to move swiftly.

The Union at 27 must show to its citizens and to the world that it is able to deliver on the priorities set out by Leaders in Bratislava and in Rome. The priorities to be funded by this pragmatic proposal — including migration, innovation, security and economic growth — are shared by everyone.

Our timetable is ambitious but it is achievable and necessary at this crucial juncture for the Union. Europeans expect a strong Union that is able to face the challenges of the future and a budget that can deliver results for them.
Progress in the Economic Situation

The state of the economy of the Union has been robust. Growth has reached a 10-year high and 12 million jobs have been created since the Juncker Commission took office. Unemployment is steadily declining and youth unemployment is at its lowest in 20 years. Banks are more resilient, investment has picked up and public finances are in increasingly good shape.

Decisive action by the EU and Member States has paid off, but challenges remain. In the face of global uncertainties, the Commission remains focused on delivering on its agenda for jobs, growth and social fairness.

ROBUST GROWTH AND INCREASED INVESTMENT

In recent years, Europe has moved from economic recovery to expansion.
Europeans have a positive opinion of the current situation of the European economy. This is the first time since the start of the economic and financial crisis in 2007.

**Economic sentiment indicator at historically high levels**

Investment has returned to pre-crisis levels and is steadily increasing

The Juncker Plan is set to trigger:

- **€335 billion** in additional investment across Europe
- **1.3%** increase in the EU’s GDP by 2020
- **1.4 million** jobs created by 2020

**Investment picking up**

% change in the level of investment compared to 2008
MORE AND BETTER JOBS

Economic growth is a means to an end. The solid expansion has helped to deliver a more social Europe.

Employment in Europe is at a record high

Employment rate is increasing
% of working age population

A job-rich recovery is taking hold
Jobs created in millions of people

While still too high in certain Member States, unemployment is at its lowest level EU-wide since 2008 and is decreasing

Unemployment is declining
% of active population

Incomes are increasing
Gross disposable household income per inhabitant (in euro)

Source: European Commission.
SOUND PUBLIC FINANCES

Significant progress has been made to ensure that Europe’s public finances are sound, sustainable and capable of absorbing future shocks.

Government deficit in EU is forecast to decrease from 6.6% → 0.8%

2018 will be the first year that all euro area Member States are expected to be below the 3% deficit threshold set out in the Treaties.

Public deficit is decreasing in EU countries % of GDP

The Juncker Commission takes office forecast

Government debt is on a downward path % of GDP

The Juncker Commission takes office forecast

Member State is currently in the Excessive Deficit Procedure under the Stability and Growth Pact, down from 24 in 2011

The use of flexibility within the rules of the Stability and Growth Pact made it possible to strike the appropriate balance between pursuing sound fiscal policies and supporting growth, notably through reforms and investment.

Source: European Commission.
IMPROVED FINANCIAL STABILITY

Over a decade on from the financial crisis, European banks are stronger, safer and more secure.

EUROPEAN BANKS

...are better capitalised

20% average total capital ratio: a new high for EU banks (Q4 2017)

...have higher liquidity buffers

Since 2014 the stock of liquid assets has increased by €782 billion

...and therefore are better equipped to finance the real economy and withstand economic shocks

Banks’ total capital ratio, in %

Source: European Commission.

The ratio of non-performing loans in EU banks has come down by almost half since 2014, reaching the lowest level since the last quarter of 2014

Gross non-performing loans and advances per Member State

in % of total gross loans and advances

Source: European Central Bank.

After reaching a peak of 47.4% in Q3 2016, the non-performing loans ratio in Greece has declined to 45.4% in Q1 2018. This gradual improvement constitutes a decrease of 4.2%.

Gross non-performing loans and advances in % of total gross loans and advances

Source: European Central Bank.

The Juncker Commission takes office

EU28

(1) provisional data.
THE ROLE OF THE EURO

The euro brings stability and tangible benefits. Its global role is on the rise.

- **74%** of the euro area citizens support the single currency. This is the highest share ever.

- **19** EU Member States is used in

- **340** million people in Europe is used by

- **60** countries and territories outside of the EU have pegged their currency directly or indirectly to the euro

- **2nd** most used currency in the world

- **175** million people

**The euro has made life and business much easier for Europeans:**

- **price stability:** inflation on average under 2%
- **more transparent and competitive markets:** prices easily comparable
- **lower travel costs:** cost of exchanging money has disappeared
- **more cross-border trade:** no more exchange rate costs
- **reduced interest expenditure for Member States:** about € 50 billion saved

**The share of the euro in global payments in %**

- 2015: 29.4%
- 2016: 31.3%
- 2017: 35.7%

**Source:** Eurobarometer, Spring 2018.
### Key Economic Data for EU Member States

<table>
<thead>
<tr>
<th>GDP Growth (year-on-year % change) (1)</th>
<th>Economic Sentiment Indicator (index) (2)</th>
<th>Investment (% of GDP)</th>
<th>Number of people employed (in millions) (3)</th>
<th>Unemployment rate (%) (4)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Q2 2018</strong></td>
<td><strong>August 2018</strong></td>
<td><strong>2017</strong></td>
<td><strong>Q2 2018</strong></td>
<td><strong>Q2 2018</strong></td>
</tr>
<tr>
<td>EU28</td>
<td>2.1</td>
<td>2.2</td>
<td>112.3</td>
<td>201.1</td>
</tr>
<tr>
<td>EA19</td>
<td>2.1</td>
<td>2.0</td>
<td>111.6</td>
<td>205.5</td>
</tr>
<tr>
<td>BE</td>
<td>1.4</td>
<td>1.5</td>
<td>107.2</td>
<td>23.3</td>
</tr>
<tr>
<td>BG</td>
<td>3.4</td>
<td>3.5</td>
<td>110.0</td>
<td>192.3</td>
</tr>
<tr>
<td>CZ</td>
<td>2.4</td>
<td>3.9</td>
<td>107.3</td>
<td>24.7</td>
</tr>
<tr>
<td>DK</td>
<td>0.6</td>
<td>1.7</td>
<td>108.6</td>
<td>20.5</td>
</tr>
<tr>
<td>DE</td>
<td>1.9</td>
<td>2.0</td>
<td>112.7</td>
<td>20.3</td>
</tr>
<tr>
<td>EE</td>
<td>3.7</td>
<td>3.4</td>
<td>104.2</td>
<td>24.4</td>
</tr>
<tr>
<td>IE</td>
<td>10.0**</td>
<td>11.7</td>
<td>n/a (*)</td>
<td>23.5</td>
</tr>
<tr>
<td>EL</td>
<td>1.8</td>
<td>0.6</td>
<td>105.2</td>
<td>12.6</td>
</tr>
<tr>
<td>ES</td>
<td>2.7</td>
<td>3.1</td>
<td>107.0</td>
<td>20.5</td>
</tr>
<tr>
<td>FR</td>
<td>1.7</td>
<td>1.5</td>
<td>108.2</td>
<td>22.5</td>
</tr>
<tr>
<td>HR</td>
<td>2.8</td>
<td>2.6</td>
<td>114.5</td>
<td>20.1</td>
</tr>
<tr>
<td>IT</td>
<td>1.2</td>
<td>1.0</td>
<td>108.2</td>
<td>17.5</td>
</tr>
<tr>
<td>CY</td>
<td>3.9</td>
<td>2.7</td>
<td>109.9</td>
<td>21.1</td>
</tr>
<tr>
<td>LV</td>
<td>4.4</td>
<td>3.1</td>
<td>106.9</td>
<td>19.9</td>
</tr>
<tr>
<td>LT</td>
<td>3.8</td>
<td>2.9</td>
<td>114.0</td>
<td>18.8</td>
</tr>
<tr>
<td>LU</td>
<td>5.1**</td>
<td>3.5</td>
<td>107.7</td>
<td>17.0</td>
</tr>
<tr>
<td>HU</td>
<td>4.6</td>
<td>3.5</td>
<td>119.7</td>
<td>21.5</td>
</tr>
<tr>
<td>MT</td>
<td>5.7</td>
<td>7.1</td>
<td>120.7</td>
<td>21.1</td>
</tr>
<tr>
<td>NL</td>
<td>2.8</td>
<td>2.3</td>
<td>109.4</td>
<td>20.5</td>
</tr>
<tr>
<td>AT</td>
<td>3.0</td>
<td>1.9</td>
<td>112.7</td>
<td>23.5</td>
</tr>
<tr>
<td>PL</td>
<td>5.0</td>
<td>3.9</td>
<td>108.9</td>
<td>17.7</td>
</tr>
<tr>
<td>PT</td>
<td>2.3</td>
<td>1.9</td>
<td>113.2</td>
<td>16.2</td>
</tr>
<tr>
<td>RO</td>
<td>4.2</td>
<td>4.8</td>
<td>101.4</td>
<td>22.6</td>
</tr>
<tr>
<td>SI</td>
<td>4.3</td>
<td>3.5</td>
<td>111.2</td>
<td>18.5</td>
</tr>
<tr>
<td>SK</td>
<td>3.9</td>
<td>3.5</td>
<td>97.7</td>
<td>21.2</td>
</tr>
<tr>
<td>FI</td>
<td>2.5</td>
<td>1.6</td>
<td>109.9</td>
<td>22.1</td>
</tr>
<tr>
<td>SE</td>
<td>3.3</td>
<td>3.2</td>
<td>112.0</td>
<td>24.9</td>
</tr>
<tr>
<td>UK</td>
<td>1.3</td>
<td>2.0</td>
<td>110.0</td>
<td>17.2</td>
</tr>
</tbody>
</table>

Notes:
(1) Business surveys for Ireland have been temporarily discontinued since May 2008.
(2) Quarterly GDP growth year-on-year, data seasonally and calendar day adjusted, except for Slovakia, for which data are seasonally adjusted, but not calendar day adjusted.
GDP data in Q2 2018 are not available for Ireland, Luxembourg and Malta. The average growth rate since Q3 2014 till Q2-2018 excludes this quarter for these countries.
(3) Data seasonally and calendar day adjusted, except for CZ, EL, FR, MT, PL, PT and SK, for which data are seasonally adjusted, but not calendar day adjusted; based on national accounts data — domestic concept.
(4) Data from 2018 Q1.
(5) Quarterly GDP growth year-on-year, data seasonally and calendar day adjusted, except for Slovakia, for which data are seasonally adjusted, but not calendar day adjusted.
## State of the Union 2018
### The Economic Situation

<table>
<thead>
<tr>
<th>Employment rate (% of population aged 20-64)</th>
<th>Public finance balance (% of GDP)</th>
<th>General government debt (% of GDP)</th>
<th>Banks’ total capital ratios ( ^{(*)} )</th>
<th>Non-performing loans ratio ( ^{(**)} )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2018 Change since Q4 2014 in percentage points</td>
<td>2017 Change since 2014 in percentage points</td>
<td>2017 Change since 2014 in percentage points</td>
<td>2017 Change since 2014 in percentage points</td>
<td>Q1 2018 Change since Q4 2014 in percentage points</td>
</tr>
<tr>
<td>EU28</td>
<td>72.3</td>
<td>2.8</td>
<td>-1.0</td>
<td>19.7**</td>
</tr>
<tr>
<td>EA19</td>
<td>71.0</td>
<td>2.6</td>
<td>-0.9</td>
<td>18.9**</td>
</tr>
<tr>
<td>BE</td>
<td>69.3</td>
<td>1.7</td>
<td>-1.0</td>
<td>10</td>
</tr>
<tr>
<td>BG</td>
<td>71.1</td>
<td>5.6</td>
<td>0.9</td>
<td>22.1</td>
</tr>
<tr>
<td>CZ</td>
<td>79.2</td>
<td>4.9</td>
<td>1.6</td>
<td>18.1</td>
</tr>
<tr>
<td>DK</td>
<td>77.3</td>
<td>0.9</td>
<td>1.0</td>
<td>21.7</td>
</tr>
<tr>
<td>DE</td>
<td>79.5</td>
<td>1.6</td>
<td>1.3</td>
<td>19.4</td>
</tr>
<tr>
<td>EE</td>
<td>78.2</td>
<td>2.9</td>
<td>-0.3</td>
<td>29.2</td>
</tr>
<tr>
<td>IE</td>
<td>73.5</td>
<td>4.3</td>
<td>-0.3</td>
<td>25.3</td>
</tr>
<tr>
<td>EL</td>
<td>57.7</td>
<td>4.3</td>
<td>0.8</td>
<td>17.0</td>
</tr>
<tr>
<td>ES</td>
<td>65.7</td>
<td>4.9</td>
<td>-3.1</td>
<td>15.5</td>
</tr>
<tr>
<td>FR</td>
<td>70.7</td>
<td>1.6</td>
<td>-2.6</td>
<td>18.9</td>
</tr>
<tr>
<td>HR</td>
<td>63.6</td>
<td>4.8</td>
<td>0.8</td>
<td>23.2</td>
</tr>
<tr>
<td>IT</td>
<td>62.0</td>
<td>1.8</td>
<td>-2.3</td>
<td>16.7</td>
</tr>
<tr>
<td>CY</td>
<td>71.5</td>
<td>3.1</td>
<td>1.8</td>
<td>16.4</td>
</tr>
<tr>
<td>LV</td>
<td>75.9</td>
<td>5.1</td>
<td>-0.5</td>
<td>20.6</td>
</tr>
<tr>
<td>LT</td>
<td>76.1</td>
<td>3.8</td>
<td>0.5</td>
<td>19.1</td>
</tr>
<tr>
<td>LU</td>
<td>72.4</td>
<td>-0.6</td>
<td>1.5</td>
<td>25.9</td>
</tr>
<tr>
<td>HU</td>
<td>73.8</td>
<td>6.3</td>
<td>-2.0</td>
<td>16.4</td>
</tr>
<tr>
<td>MT</td>
<td>71.7</td>
<td>5.7</td>
<td>3.9</td>
<td>16.8</td>
</tr>
<tr>
<td>NL</td>
<td>78.5</td>
<td>2.5</td>
<td>1.1</td>
<td>22.0</td>
</tr>
<tr>
<td>AT</td>
<td>75.2</td>
<td>1.1</td>
<td>-0.7</td>
<td>18.2</td>
</tr>
<tr>
<td>PL</td>
<td>713</td>
<td>3.9</td>
<td>-1.7</td>
<td>181</td>
</tr>
<tr>
<td>PT</td>
<td>745</td>
<td>6.5</td>
<td>-3.0</td>
<td>15.2</td>
</tr>
<tr>
<td>RO</td>
<td>680</td>
<td>2.6</td>
<td>-2.9</td>
<td>25.0</td>
</tr>
<tr>
<td>SI</td>
<td>739</td>
<td>6.0</td>
<td>0.0</td>
<td>182</td>
</tr>
<tr>
<td>SK</td>
<td>719</td>
<td>5.3</td>
<td>-1.0</td>
<td>188</td>
</tr>
<tr>
<td>FI</td>
<td>746</td>
<td>2.2</td>
<td>-0.6</td>
<td>214</td>
</tr>
<tr>
<td>SE</td>
<td>814</td>
<td>1.7</td>
<td>1.3</td>
<td>264</td>
</tr>
<tr>
<td>UK</td>
<td>786</td>
<td>2.1</td>
<td>-1.9</td>
<td>87.7</td>
</tr>
</tbody>
</table>

Notes:

\( ^{(*)} \) Domestic Banking Groups and Stand-Alone Banks.
\( ^{(**)} \) Domestic banking groups and stand-alone banks, foreign (EU and non-EU) controlled subsidiaries and foreign (EU and non-EU) controlled branches.
\( ^{(***)} \) Provisional data.
\( ^{****} \) No Q4 2014 data available.
STATE OF THE UNION 2018
THE EUROPEAN FUND FOR STRATEGIC INVESTMENTS
The Juncker Plan: A Bold and Successful Innovative Idea

‘Thanks to the Juncker Plan, 15 million more homes in the EU have broadband, there are 500,000 additional affordable houses, and 700,000 small businesses have benefited. We have helped support 750,000 jobs and increased EU Gross Domestic Product (GDP) by 0.6%.’

Jean-Claude Juncker, Press Conference, Brussels, 18 July 2018

As a consequence of the financial and economic crisis, investment levels — both private and public — declined significantly across the European Union. To support the economic recovery and create the conditions needed to create jobs and growth, the Juncker Commission launched the Investment Plan for Europe in 2014, commonly known as the Juncker Plan. The aim was to reverse the downward investment trend by removing obstacles to investment, providing visibility and technical assistance to investment projects, and making more efficient use of scarce public financial resources.

SMART FINANCING: THE EUROPEAN FUND FOR STRATEGIC INVESTMENTS

At the heart of the Juncker Plan is the European Fund for Strategic Investments (EFSI), set up by the Commission and the European Investment Bank (EIB) Group. The EFSI is an EU budget guarantee to the EIB Group, which consists of the European Investment Bank and its subsidiary specialised in financing for small and medium-sized enterprises, the European Investment Fund. The purpose of the EFSI is, inter alia, to:

- support highly innovative projects, for example in the area of medical research or energy efficiency;
- finance operations that have a riskier profile than the regular activities of the EIB Group, for example because the projects involve new technologies;
- provide financing at large scale to small companies.

EUROPEAN FUND FOR STRATEGIC INVESTMENTS: SECTORS

<table>
<thead>
<tr>
<th>Bioeconomy</th>
<th>Environment and resource efficiency</th>
<th>Research, development and innovation</th>
<th>Digital</th>
<th>Energy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social</td>
<td>Transport</td>
<td>Regional development</td>
<td>Smaller companies</td>
<td></td>
</tr>
</tbody>
</table>

DOING MORE WITH LESS

Under the Juncker Plan, the EU budget provides a guarantee of €16 billion, along with an additional €5 billion of the EIB’s own resources. This total €21 billion risk-bearing capacity enables the EIB Group to generate lending and crowd in private and public co-investors. The initial objective was to mobilise €315 billion in new investment within three years in this way. And we did it. The Juncker Plan has proven to be a genuine success.
To date the Juncker plan has exceeded its initial objective and mobilised €335 billion. Not only that, but it has had a clear impact on the EU economy and revolutionised the way innovation is financed in Europe.

**ECONOMIC BENEFITS FOR CITIZENS AND BUSINESSES**

The Juncker Plan investments have supported more than 750,000 jobs, with the figure set to rise to 1.4 million jobs by 2020. Moreover, it has already increased EU Gross Domestic Product by 0.6% and is set to increase EU GDP by 1.3% by 2020. Two thirds of the €335 billion raised so far comes from private resources, meaning that EFSI has also met its objective of mobilising private investment. Thanks to the Juncker Plan’s backing, the EIB has reached out to new clients: three out of four recipients of EFSI backing are new customers for the bank, proving that these new investments are truly additional and would not have happened otherwise.

In addition to financing innovative research and new technologies, the Juncker Plan has supported many other EU objectives in the areas of energy efficiency, the fight against climate change, social policy and digital and transport infrastructure, as the following examples show:

More than 500,000 social and affordable housing units have been built or renovated

30 million Europeans benefit from improved healthcare service

15 million additional households have access to high-speed broadband

7.5 million households get their energy needs fulfilled via renewable energy sources

95 million passengers per year are enjoying improved rail and urban infrastructure

**TWO THIRDS OF THE €335 BILLION RAISED COMES FROM PRIVATE INVESTMENT**

**ADVISORY SERVICES AND ONLINE MEETING PLACE**

Another important goal of the Juncker Plan is to help projects get off the ground. The European Investment Advisory Hub provides technical assistance and advice for projects at an early stage. Since its launch in 2015, the Advisory Hub has managed more than 770 requests from project promoters in all EU countries. Over 50 Hub projects have entered the EFSI pipeline. One of these was the development of a social housing project in the Polish city of Poznań. The project, which received a €42 million EFSI-backed loan, will enable the construction and retrofitting of apartments for about 3,000 people.
In addition, as of July 2018 more than 700 projects have been submitted to the European Investment Project Portal — an online meeting place for project promoters and investors. Almost 400 of these projects have been published so far, covering more than 25 sectors with high economic potential. According to a survey conducted in 2017 among Project Portal promoters, 80% of the projects posted on the Portal had been contacted by investors, including microalgae pioneer Ecoduna in Austria, aerospace company PLD Space in Spain and software specialist Acellere in Germany.

**NEXT GOAL: €500 BILLION BY 2020**

Given the success of EFSI in mobilising investment across the EU, the Commission has proposed extending its duration and capacity to boost investment further. The so-called EFSI 2.0 entered into force on 30 December 2017. It will:

- extend the lifetime of the guarantee from mid-2018 to end-2020;
- increase the investment target from €315 billion to at least €500 billion;
- have an even greater focus on financing small businesses;
- put additional emphasis on green and sustainable projects and sectors;
- provide stronger advisory support at a local level.

**LOOKING TO THE FUTURE: BEYOND 2020**

Building on the very positive experience with the Juncker Plan and its substantial economic effects, on 6 June 2018 the Commission presented its proposal for a successor to the plan for the next budgetary period after 2020: the InvestEU Programme. InvestEU will bring together existing programmes building on financial instruments and expanding the successful model of the Juncker Plan by integrating several existing programmes into one. With InvestEU, the Commission will further boost job creation, investment and innovation, with the aim of triggering €650 billion in additional investment over a seven-year period in four policy areas in particular sustainable infrastructure, research, innovation and digitisation and small businesses. It will also support social investments and skills development.
STATE OF THE UNION 2018

10 YEARS AFTER THE START OF THE FINANCIAL CRISIS — A STRONGER, SAFER AND MORE STABLE FINANCIAL SECTOR
10 Years after the start of the financial crisis — A Stronger, Safer and More Stable Financial Sector

‘A continuing priority is to finish fixing the problems of our banking sector and to boost private investment. I have been a strong supporter of the development of stricter controls on banks through a Single Supervisory Mechanism and a Single Resolution Mechanism with a Single Resolution Fund that will be built up progressively. My Commission will be active and vigilant in ensuring that we implement the new supervisory and resolution rules fully, making European banks more robust so that they can get back to lending to the real economy.’

Jean-Claude Juncker, Political Guidelines, 15 July 2014

The 2007 US sub-prime mortgage crisis and the subsequent collapse of Lehman Brothers investment bank sent the first shock waves of the global financial crisis through markets across the world. Although the crisis did not originate in Europe, our financial sector was seriously impacted, as was the European economy at large. The crisis laid bare the serious shortcomings of the regulatory framework for recovering and resolving banks and other financial institutions, as well as of the supervisory structures.

The strong links between banks and their home countries in Europe in terms of banks holding significant amounts of government bonds of their home country, meant that the financial crisis developed into a debt crisis in several euro-area Member States. It became clear that deeper integration of the banking system was needed for the EU in general and the euro area in particular. In addition to more stringent capital and liquidity requirements, it became increasingly clear that more structural and institutional changes were needed as well in the form of Banking Union, complemented by more diverse access to capital and financing for EU businesses.

PAVING THE WAY FOR THE BANKING UNION

More than a decade after the beginning of the global financial crisis, the EU has returned to growth and is more resilient than before. The EU’s financial sector is now much better capitalised, is subject to more stringent supervision and is better prepared to withstand economic shocks. EU action over the past 10 years has made European banks stronger, safer and more stable.

In this vein, the Juncker Commission has worked tirelessly to put the EU banking sector on an even sounder footing for future generations, with solid banks that perform their important role in financing the economy and supporting growth. One of the most immediate and urgent priorities in this area is to complete the Banking Union, that is, the EU-level banking supervision and resolution system which operates on the basis of EU-wide rules, as well as working on Capital Markets Union to further deepen and develop EU’s capital markets. In this context, it is particularly important to continue the reduction of remaining risks in the EU banking sector — notably by continuing the downward trend when it comes to the levels of non-performing bank loans — hereby creating the appropriate environment for the introduction of risk-sharing elements in the system.

Above all, Banking Union means that taxpayers are no longer first in line to bail out failing banks and that EU citizens’ deposits up to €100,000 are always safe, regardless of any bank difficulties and no matter where they live.

EU citizens’ deposits up to €100,000 are always safe even if the bank has difficulties
Major progress has already been achieved with the entirely revamped EU financial legislation. A new regulatory framework and institutional set-up has been put in place, which effectively addresses risks in the system. These measures, such as better oversight and supervision of the banking sector, new tools for resolving failing banks and more stringent capital requirements for banks, have delivered strong improvements in banks’ capital and liquidity positions and ensured better monitoring of banks’ health. This new framework means that banks in difficulties can now be dealt with in an appropriate way, using a minimum of tax payers’ money, if any at all.

FURTHER STRENGTHENING OF THE EU’S FINANCIAL STABILITY TOOLBOX

On the State aid side, several sets of new rules — the latest in 2013 — were adopted during the financial crisis in order to, on the one hand, allow quick state interventions to stabilise the markets but, on the other hand, ensure a level playing field and make sure that investors carry some of the costs, before public money is spent.

New legislation has gradually come into force to establish EU-wide rules for bank recovery and resolution, complementing the existing State aid framework. Furthermore, and in order to put an end to diverging national rules, the first two pillars of the Banking Union mean that the euro area now have two centralised authorities for supervision and resolution:

- the Single Supervisory Mechanism has supervised all banks in the Banking Union since November 2014;
- the Single Resolution Mechanism can resolve banks that are failing or are likely to fail, is fully operational since January 2016 and has dealt with a number of cases already.

Those structures provide for a common approach to bank resolution, as well as for tools to further shift the financial burden of bank restructuring to owners and creditors of banks. The Single Resolution Fund, made up of contributions from banks, can be called on in specific circumstances. The Fund will amount to about €55 billion by the end of 2023.

The EU has already made significant progress in reducing risks in the banking sector, for example through additional changes to the banking rules, agreed by Finance Ministers in May 2018, which represent a major contribution to risk reduction by ramping up the resilience, stability and lending capacity of European banks. The already agreed parts of this package mean that banks in Europe are in the process of building up sufficient buffers of loss-absorbing capital instruments which will facilitate future potential bank resolutions and liquidations.
IMPROVING CAPITAL FLOWS ACROSS THE EU

Deep and liquid markets, which provide more diversified sources of financing is good for investment and business, in particular to small and medium-sized enterprises and start-ups, but is also essential for financial stability and to ensure risk-sharing via the capital markets, thereby reducing the need for any public risk-sharing. That is why, with its Capital Markets Union Action Plan, the Commission has worked actively to put in place alternative sources of finance to complement bank financing and mitigate the impact on the real economy of potential problems in the banking sector. A well-functioning Capital Markets Union also presupposes strengthened oversight and more common supervisory practices in the Single Market.

The Capital Markets Union will ensure more funding opportunities, such as venture capital and crowdfunding. The Capital Markets Union also puts a strong focus on sustainable and green financing: as the financial sector begins to adapt its practices to support sustainability-conscious investors to choose suitable projects and companies. The Commission is determined to lead global work supporting these developments.

Moreover, the prospect of Europe’s largest financial centre leaving the Single Market means that it is now urgent to redouble the efforts to build a functioning Capital Markets Union across the EU at 27, and ensure our capacity to oversee the effective and sound operation of those markets.

PLANNING FOR THE FUTURE

While progress has been remarkable over the last decade, certain residual issues remain in the banking sector:

The level of non-performing loans — in other words, the situation where a borrower is unable or unwilling to repay a bank loan — is, despite significant progress in recent years, still too high in parts of the EU banking sector. While welcoming the current trend of declining levels of such loans, the Commission has put forward new measures to help banks deal with existing stocks of such loans and prevent their accumulation in the future.

Moreover, EU banks must continue to diversify their balance sheets and further weaken the link with governments: the so-called ‘bank-sovereign loop’. The Commission has made proposals to create a new class of low-risk securities, so-called Sovereign Bond-Backed Securities (SBBS), which would lead to more diversified portfolios for banks and would make the euro area more resilient to shocks.

On the risk sharing side, the Commission has come forward with proposals for:

a common backstop to the Single Resolution Fund which equips the Single Resolution Mechanism with last resort financial support, in case the Single Resolution Fund would not be sufficient to deal with a major resolution situation;

a European Deposit Insurance Scheme, which would ensure common deposit protection irrespective of the bank or euro area country in which money is held. Common deposit protection is an important part of any currency union and instrumental for increased trust in and resilience of the banking system.

Taken together, the risk-reducing and risk-sharing instruments would go a long way to further strengthen the euro area, further increase the resilience of the financial system and protect taxpayers.

<table>
<thead>
<tr>
<th>Non-performing loans as a % of total loans in selected countries</th>
<th>Q1 2017</th>
<th>Q1 2018</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ireland</td>
<td>11.5</td>
<td>9.8</td>
<td>-14.9%</td>
</tr>
<tr>
<td>Greece</td>
<td>46.6</td>
<td>45.4</td>
<td>-2.6%</td>
</tr>
<tr>
<td>Spain</td>
<td>5.4</td>
<td>4.4</td>
<td>-19.5%</td>
</tr>
<tr>
<td>Italy</td>
<td>14.8</td>
<td>11.0</td>
<td>-25.2%</td>
</tr>
<tr>
<td>Cyprus</td>
<td>34.1</td>
<td>30.8</td>
<td>-9.8%</td>
</tr>
<tr>
<td>Portugal</td>
<td>16.4</td>
<td>12.7</td>
<td>-22.2%</td>
</tr>
<tr>
<td>Slovenia</td>
<td>11.5</td>
<td>8.2</td>
<td>-29.1%</td>
</tr>
</tbody>
</table>

Source: European Central Bank.

→ For more figures, see the chapter ‘Progress in the Economic Situation’
JUNE 2018: 28 EU LEADERS PLEDGE TO MOVE FORWARD ON BANKING UNION

EU Leaders agreed at their meeting on 28 June 2018 to complete the Banking Union as a priority. They agreed that the European Stability Mechanism would provide the common backstop for the Single Resolution Fund and that modalities should be agreed by December 2018. Political discussions would also begin on putting in place, over time, the European Deposit Insurance Scheme, presented by the Commission already in 2015. The Juncker Commission has encouraged the European Parliament and the Council to progress quickly on all parts of the Banking Union’s architecture. EU leaders will return to all these topics in December 2018.

As the European Union and its economy visibly regain strength, the EU must continue to seize the momentum to reinforce its Economic and Monetary Union (EMU) and complete the Banking and Capital Markets Unions. Common supervision, crisis management and deposit insurance, together with deeper capital markets, will allow for deeper financial integration underpinned by a stable financial system for Member States participating in the Banking Union and in the EU as a whole. Taken together, an even more stable banking sector and improved financial flows across the Union will mean greater financing opportunities for EU companies of all sizes and more jobs and growth for European citizens.
STATE OF THE UNION 2018
SUPPORT FOR REFORMS IN EU MEMBER STATES
Support for Reforms in EU Member States

‘I want to promote and support structural reforms in our Member States, building on the work the Commission is doing since 2015 with our Structural Reform Support Service.’

Jean-Claude Juncker, State of the Union Address, 13 September 2017

The success of our Economic and Monetary Union depends on the strength and resilience of the economies of our Member States. In a rapidly changing world, Member States need to maximise their policies and institutions to ensure lasting prosperity for their people. This means, for example, reforming education and healthcare systems, providing for responsible fiscal and tax policies, increasing the efficiency of public administrations and judicial systems, creating business-friendly environments improving access to finance. These priorities are discussed at EU level through what is known as the European Semester of economic policy coordination.

To support these reform efforts, the Juncker Commission created the Structural Reform Support Service in 2015. The Structural Reform Support Service helps EU countries prepare, design and implement reforms. The support is based purely on demand and is tailor-made for the beneficiary Member State. The technical support takes the form of strategic or legal advice, studies, training and in-country missions by experts. It covers the whole reform cycle — from identifying needs through implementation to monitoring and evaluating outcomes.

Since the launch of this service in 2015, demand for support by Member States has far outstripped expectations. To date, the Service has engaged, through the Structural Reform Support Programme and other sources, in almost 500 technical support projects in 25 EU countries. Experts come from other Member States, international organisations, the private sector and the Commission services.

**AREAS OF EXPERTISE OF THE STRUCTURAL REFORM SUPPORT SERVICE**

<table>
<thead>
<tr>
<th>GOVERNANCE AND PUBLIC ADMINISTRATION</th>
<th>GOVERNANCE AND PUBLIC ADMINISTRATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Governance</td>
<td>• Management of human resources</td>
</tr>
<tr>
<td>• Central and local administration</td>
<td>• Better regulation</td>
</tr>
<tr>
<td>• E-government</td>
<td>• Anti-corruption and anti-fraud</td>
</tr>
<tr>
<td></td>
<td>strategies</td>
</tr>
<tr>
<td></td>
<td>• Anti-money-laundering strategies</td>
</tr>
<tr>
<td></td>
<td>• Judicial reform</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>REVENUE ADMINISTRATION AND PUBLIC FINANCIAL MANAGEMENT</th>
<th>REVENUE ADMINISTRATION AND PUBLIC FINANCIAL MANAGEMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Revenue administration</td>
<td>• Spending reviews</td>
</tr>
<tr>
<td>• Budget preparation</td>
<td>• Fiscal strategies and tax policy</td>
</tr>
<tr>
<td></td>
<td>• Supreme audit institutions and independent fiscal institutions</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>GROWTH AND BUSINESS ENVIRONMENT</th>
<th>GROWTH AND BUSINESS ENVIRONMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Foreign investment and trade policy</td>
<td>• Management of natural resources</td>
</tr>
<tr>
<td>• Policy concerning small and medium-sized enterprises (SMEs) and competition</td>
<td>• Transport, tourism, agriculture, etc.</td>
</tr>
<tr>
<td>• Research, innovation and digital economy</td>
<td>• Licencing, inspections and better regulation</td>
</tr>
<tr>
<td></td>
<td>• Investment management and public–private partnerships</td>
</tr>
<tr>
<td></td>
<td>• Management of state-owned enterprises (SOEs)</td>
</tr>
<tr>
<td></td>
<td>• Energy Union</td>
</tr>
</tbody>
</table>
Since May 2017, the activities of the Structural Reform Support Service have been supported by a successful new programme — the Structural Reform Support Programme, with a budget of €142.8 million for 2017-2020.

Countries can request help from the programme to implement:

- reforms proposed by the Commission, for example in its annual economic policy recommendations (the ‘European Semester’ process);
- measures they have to take to implement EU law or Union priorities;
- assistance packages to combat financial crises (‘economic adjustment programmes’);
- reforms undertaken at their own initiative.

Examples of Projects delivered by the Structural Reform Support Service

**STRENGTHENING THE EFFECTIVENESS OF THE JUDICIAL SYSTEM IN CROATIA**

The Service enabled judges from France, the Netherlands and Slovenia to share their national best practices with the Croatian authorities. The project focused on court administration, individual evaluation of judges and certification of professionals assisting the court as experts, interpreters and appraisers. Several proposals for laws were drafted in these three areas thanks to the support provided. They are now being finalised by the Croatian Ministry of Justice.

**DEVELOPING INLAND WATERWAY TRANSPORT IN POLAND**

The Service is helping the Ministry of Maritime Economy and Inland Navigation to develop inland waterways and improve their links with the main EU transport corridors. The project is boosting the Polish authorities’ capacity to formulate, develop and implement sound projects. It also involves drafting a communication strategy involving a wide array of stakeholders in Polish waterway transport reform, so the authorities can raise public awareness and build support for a bigger role for inland navigation in the transport sector.

**IMPROVING THE HEALTHCARE SYSTEM IN SLOVAKIA**

The Service provides technical support to the Ministry of Health and the Institute for Health Policies to pave the way for substantial reforms to make the health system more effective and efficient. Support focuses on three main areas: (i) assessing hospital facilities and devising ways of optimising nationwide provision; (ii) strengthening the role of general practitioners and proposing new roles and competences for them and (iii) drafting guidelines and pooling experiences with a view to fair and open procurement of medical devices and equipment. The project has been backed by exchanges of good practice with key players in other EU countries.
DEMAND EXCEEDING CAPACITY: A NEED FOR FUTURE EXPANSION

In 2017, the value of the requests submitted by the Member States represented work which was **four times the budget for 2017**; in 2018, demand was **five times the available budget**. After the success of the first two years, and with growing demand from Member States, on 6 December 2017 the Commission proposed **doubling the funding** for the Structural Reform Support Programme in 2019 and 2020.

<table>
<thead>
<tr>
<th>Structural Reform Support Programme — Projects Requested</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2017</strong></td>
</tr>
<tr>
<td>- Budget of <strong>€24 million</strong></td>
</tr>
<tr>
<td>- <strong>16 Member States</strong></td>
</tr>
<tr>
<td>- <strong>271 requests</strong> (for €83 million)</td>
</tr>
<tr>
<td><strong>2018</strong></td>
</tr>
<tr>
<td>- Budget of <strong>€32 million</strong></td>
</tr>
<tr>
<td>- <strong>24 Member States</strong></td>
</tr>
<tr>
<td>- <strong>444 requests</strong> (for €152 million)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Structural Reform Support Programme — Projects Selected</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2017</strong></td>
</tr>
<tr>
<td>- <strong>159 projects</strong></td>
</tr>
<tr>
<td>in <strong>16 Member States</strong></td>
</tr>
<tr>
<td><strong>2018</strong></td>
</tr>
<tr>
<td>- <strong>146 projects</strong></td>
</tr>
<tr>
<td>in <strong>24 Member States</strong></td>
</tr>
</tbody>
</table>

REFORM SUPPORT PROGRAMME POST-2020

On 31 May 2018, as part of its proposals for budgetary instruments to strengthen Europe’s Economic and Monetary Union, the Commission proposed expanding the work of the Structural Reform Support Service after 2020 under a new Reform Support Programme, with a much bigger overall budget of €25 billion for the period 2021-2027.

The proposed programme would have three strands:

- **Reform Delivery Tool — €22 billion**
  Financial support for governments to implement key priorities identified as part of the ‘European Semester’.

- **Technical Support Instrument — almost €1 billion**
  Continued support for governments to design and implement reforms and optimise their administrative capacity.

- **Convergence Facility — over €2 billion**
  Financial and technical support to those countries that have taken demonstrable steps towards joining the euro.
STATE OF THE UNION 2018
A NEW CHAPTER FOR GREECE
A New Chapter for Greece

‘During those difficult times, I always insisted that we keep working on the social angle to our policies, not just in Greece but in all EU countries. [...] The truth is that no other Member State has reformed more quickly and more profoundly than Greece has. [...] We have tried, especially in the second half of these difficult eight years, to keep a close eye on the social dimension of the adjustment programme. What Greece is building and doing is preparing the future for its children.’

Jean-Claude Juncker, speech at the Hellenic Parliament, Athens, 26 April 2018

In August 2018, Greece emerged from a three-year stability support programme, and a total of eight years of financial assistance programmes.

The stability support programme, signed by the European Commission on behalf of the European Stability Mechanism in August 2015, provided a total of €61.9 billion in loans on the basis of the implementation of a comprehensive and unprecedented reform programme. This stability support programme took a coordinated approach to tackle long-standing and deep-rooted structural issues that had contributed to Greece experiencing an unprecedented economic crisis. The reform package was also carefully designed to increase social fairness and included unprecedented measures to protect the most vulnerable in society. When taken together, these transformative reforms have laid the foundations for a sustainable recovery, putting in place the fundamental conditions needed for sustained growth, job creation and sound public finances in the years to come.

The conclusion of the programme marks the end of one chapter and the beginning of another for Greece. It will be necessary to remain focused on fully addressing the social and economic consequences of the crisis years. This will require that the Greek authorities maintain ownership of reforms and ensure their sustained implementation, as per their commitments at the Eurogroup meeting of 22 June 2018. This will be key for ingraining market confidence and strengthening Greece’s economic recovery going forward.

ECONOMIC GROWTH HAS RETURNED

The growth-enhancing reforms implemented under the stability support programme have helped Greece return to growth in a financially and socially sustainable way. Economic growth has rebounded from -5.5% in 2010 to 1.4% in 2017. Growth is expected to remain around 2% in 2018 and 2019.

![Change in real Gross Domestic Product, 2010-2019](image)
LABOUR MARKET CONDITIONS CONTINUE TO IMPROVE

While unemployment remains unacceptably high, labour market conditions continue to improve. More than 100,000 new jobs have been created since the start of the stability support programme in 2015. After reaching a peak of 27.9% in July 2013, unemployment has now significantly decreased. According to figures recently released by the Hellenic Statistical Authority, unemployment fell to 19.5% in May 2018, falling below 20% for the first time since September 2011.

MEASURES TAKEN TO ENSURE FISCAL SUSTAINABILITY

Greece has restored order to its public finances and returned to a sustainable path. In the process, it has consistently over-delivered on its fiscal commitments under the stability support programme. The general government balance has progressed from a 11.2% deficit in 2010 to a 0.8% surplus in 2017 (which represents a primary surplus of 4.2% when expressed in programme terms). These reform measures and consolidation efforts will have cumulative effects over time, and will thus continue to positively impact fiscal sustainability well beyond the conclusion of the programme.
PROTECTING THE MOST VULNERABLE

In line with President Juncker’s Political Guidelines, the Commission has paid particular attention to the social fairness of the new stability support programme to protect the most vulnerable in society. The Commission published an assessment of the programme’s social impact which concluded that, if implemented fully and in a timely manner, the measures provided for in the programme would help Greece return to stability and growth in a socially sustainable way while addressing its most pressing social needs and challenges. To provide an effective safety net to households at risk of poverty, a new Social Solidarity Income (SSI) has been rolled out nationwide as of February 2017. This is the first time that a basic universal social safety net has existed in Greece. Some 600,000 people already benefit from the scheme. It is expected to be available to up to 750,000 people, which amounts to some 7% of the Greek population. The pension reforms that have been introduced have allowed social spending to be redirected towards the most vulnerable social groups. The Commission has provided technical assistance to the Greek authorities to enable them to better redistribute the effects of policy changes, to ensure that they are done in a socially sustainable way.

MAXIMISING THE USE OF EU FUNDS

In parallel to the stability support programme, the Commission launched the plan for a ‘New Start for Jobs and Growth in Greece’ in July 2015 to help Greece to maximise its use of EU funds to stabilise its economy and boost jobs, growth and investment. As a result of the exceptional measures adopted under the plan, Greece is now among the top absorbers of EU funds. For the period 2014-2020, it has already received almost €16 billion from a large pool of EU funds. This is equivalent to over 9% of the 2017 annual gross domestic product of Greece.

BOOSTING INVESTMENT WITH THE JUNCKER PLAN

Greece is the top beneficiary under the Juncker Plan, relative to gross domestic product. The European Fund for Strategic Investments (EFSI), the heart of the Juncker Plan, is now set to trigger €10 billion in investments and support almost 20,000 small and medium-sized businesses in Greece.

Some examples of projects the Juncker Plan has helped to finance include:

- a €150 million loan to telecoms operator Cosmote to roll out high-speed broadband across Greece;
- a €24 million loan to Terna Energy Group to build three new wind farms in Viotia;
- a loan to Mani Foods, a Greek SME, from the National Bank of Greece to invest in new machinery and staff for its Kalamata olive production company.

TECHNICAL ASSISTANCE

In recent years, the Commission’s Structural Reform Support Service has assisted the Greek authorities in the design and implementation of important structural reforms. In this context, it defines what support is required and ensures its delivery, supervision, monitoring and evaluation. It has, to date, assisted inter alia the establishment of the new independent revenue collection agency and the consolidation of a large number of Greek pension funds into a Single Social Security Fund (EFKA) and made human resource management in the public sector more efficient.
Greece has received a total of €288.7 billion in financial assistance since 2010. €256.6 billion of this has come from its European partners, with a further €32.1 billion from the International Monetary Fund.

<table>
<thead>
<tr>
<th>Programme</th>
<th>Date</th>
<th>EU body</th>
<th>EU amount (in billion euro)</th>
<th>IMF amount (in billion euro)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>First financial assistance</td>
<td>2010</td>
<td>Greek Loan Facility</td>
<td>52.9</td>
<td>20.1</td>
<td>73</td>
</tr>
<tr>
<td>programme</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Second financial assistance</td>
<td>2012</td>
<td>European Financial Stability Fund</td>
<td>141.8</td>
<td>12</td>
<td>153.8</td>
</tr>
<tr>
<td>programme</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stability support programme</td>
<td>2015</td>
<td>European Stability Mechanism</td>
<td>61.9</td>
<td></td>
<td>61.9</td>
</tr>
<tr>
<td>Total</td>
<td>August 2018</td>
<td></td>
<td>256.6</td>
<td>32.1</td>
<td>288.7</td>
</tr>
</tbody>
</table>
STATE OF THE UNION 2018

EU-JAPAN ECONOMIC PARTNERSHIP AGREEMENT
Creating Opportunities Through Well-balanced Progressive Trade Agreements: EU-Japan Economic Partnership Agreement

‘The impact of the Economic Partnership Agreement goes far beyond our shores. Together, we are making a statement about the future of free and fair trade. We are showing that we are stronger and better off when we work together and we are leading by example, showing that trade is about more than tariffs and barriers. It is about values, principles and finding win-win solutions for all. As far as we are concerned, there is no protection in protectionism – and there cannot be unity where there is unilateralism.’

Jean-Claude Juncker, Press Conference, Tokyo, 17 July 2018

In July 2018, the EU and Japan signed an Economic Partnership Agreement. Japan is one of the EU’s closest partners. We have a long history of working together and we share similar ideas about the rules needed to protect our societies.

The EU-Japan Economic Partnership Agreement is the biggest trade agreement ever negotiated by the EU. The EU and Japan together account for nearly one third of global GDP and the agreement will create an open trade zone covering over 600 million people.

Japan holds huge economic potential for Europe. It is already the EU’s second biggest trading partner in Asia, with more than 600,000 jobs in the EU tied to exports to that country. EU firms already export over €60 billion of goods and €31 billion of services to Japan every year.

OPPORTUNITIES

The EU-Japan Economic Partnership Agreement will create new opportunities for selling European goods and services to the fourth biggest economy in the world, with 127 million potential customers.

The agreement could increase the EU’s annual exports to Japan by 13.2%, or €13.5 billion. For some sectors, this increase may be even more significant.

The agreement is expected to:

- triple exports of both dairy products and textiles from Europe to Japan;
- create major new opportunities for processed foods, chemicals, machinery, cars and business services.

As customs duties will be removed, EU companies could save up to €1 billion a year on customs duties compared to what they are required to pay today.

EU exporters currently pay per year on average:

- €134 million in customs duties on wine;
- €174 million on leather and footwear products;
- €50 million on forestry products.
The Economic Partnership Agreement improves the protection of intellectual property rights in Japan as well as the protection of 205 high-quality European agricultural products, so called Geographical Indications (e.g. Feta, Tiroler Speck, Roquefort and Bayerisches Bier).

The agreement opens up services markets, in particular financial services, telecommunications and transport.

It also guarantees the non-discriminatory treatment of EU businesses operating in the procurement markets of 48 large cities, covering around 15% of Japan’s population and removing existing obstacles to procurement in the railway sector.

EU companies will benefit from reinforced international standards that will apply, for example, for cars, food and wine additives.

WELL-BALANCED, PROGRESSIVE RULES

While opening up many new business opportunities, the agreement will respect the sensitivities of both the EU and Japan.

The agreement:

- protects sensitive sectors through:
  - longer transition periods for elimination of tariffs (e.g. for the car sector);
  - quantitative limits for tariff elimination;
  - safeguard clauses;
- ensures that public authorities remain free to choose, organise and run public services as they wish;
- fully preserves public authorities’ right to regulate for legitimate public policy objectives;
- preserves EU food safety standards, safety regulations and other legislation, while making an explicit reference to the precautionary principle (11);
- sets out strong commitments to environmental protection, labour and sustainable development and is also the first international trade agreement to include a specific commitment to implement the Paris Agreement.

On 16 July 2018, the EU and Japan also concluded the negotiations on reciprocal adequacy on data protection, which will complement the Economic Partnership Agreement. The EU and Japan agreed to recognise each other’s data protection systems as ‘equivalent’, which will allow data to flow safely between them, creating the world’s largest area of safe data flows.

STATE OF PLAY AND NEXT STEPS

Following the approval of the agreement by EU Member States in the Council and its signature by the EU and Japanese leaders at the EU-Japan Summit on 17 July 2018, the European Parliament and Japanese Diet are expected to vote upon it. Once procedures have been finalised both at the EU level and in Japan, the agreement will enter into force in early 2019.

(11) This means that, if there are reasonable grounds for concern about potentially dangerous effects on the environment or, human, animal or plant health, in case of scientific uncertainty, the EU can still take measures to minimise or avoid potential risks.
THE EU-JAPAN ECONOMIC PARTNERSHIP AGREEMENT – EXPORTERS IN YOUR TOWN

Almost 74,000 EU companies are already exporting to Japan. 78% of these are smaller firms. They sell everything from biscuits to fireplaces in Japan, providing jobs to more than 600,000 Europeans. There are plenty of such companies in each part of Europe.

Bolesławiec Manufaktura, a Polish company, produces world-renowned pottery. With the help of EU trade agreements, it has grown at lightning speed, boosting revenues and greatly expanding its workforce in response to surging international demand.

Pawel Zwierz
CEO, Manufaktura Sp. J.

Fruit wine producer Katlenburger Winery exports 10% of its production to 17 countries around the world, including Japan.

Klaus Demuth
CEO, Katlenburger Kellerei GmbH & Co. KG

Seville-based Spanish shoe company Masaltos gets nearly two thirds of its revenue from overseas sales, with Japan accounting for 4%.

The Japanese are eager to buy Manufaktura’s products and I’m sure the Economic Partnership Agreement between the EU and Japan will increase our sales, as did the agreement with South Korea.

Paweł Zwierz
CEO, Manufaktura Sp. J.

Small businesses in particular depend on exports because the domestic market is becoming more challenging and dominated by larger firms with big advertising budgets.

Klaus Demuth
CEO, Katlenburger Kellerei GmbH & Co. KG

France (Lyon):
- frozen pastries
- skiing equipment
- towels

Portugal (Porto):
- wall tiles
- construction materials
- towels

Source: Eurostat Trade by Enterprise Characteristics dataset.
Headquartered in Villach in the state of Carinthia, microelectronics firm Infineon Austria is a leading business in the country. The agreement would also make products cheaper for consumers. And it helps us compete globally, including over microelectronics.

Sabine Herlitschka
CEO, Infineon Technologies Austria AG

The Italian clothing brand Herno is already well established in Japan. It opened its first store in Japan in 1971 in Osaka. The Japanese market accounts for over 15% of Herno’s sales.

The new EU-Japan Economic Partnership Agreement is good news for companies like Herno. By cutting customs tariffs and simplifying standards, it’ll help us free up time, resources and money to be invested more productively.

Claudio Morenzi
CEO, Herno S.p.A.
The EU’s Key Partnership with Africa

‘What happens in Africa matters for Europe, and what happens in Europe matters for Africa. Our partnership is an investment in our shared future. It is a partnership of equals in which we support each other, help each other to prosper and make the world a safer, more stable and more sustainable place to live.’

Jean-Claude Juncker, African Union–European Union Summit, Abidjan, 27 November 2017

THE EU AND AFRICA — KEY PARTNERS

The EU is Africa’s main partner. We are working together to tackle the common challenges, from investing in youth, fostering sustainable development and strengthening peace and security to boosting investment in the African continent, good governance and better managing migration. Under President Juncker’s leadership, the Commission has added new innovative tools on top of its traditional cooperation instruments, bringing EU cooperation with Africa to a new level.

At the African Union–European Union Summit in November 2017, the EU and Africa agreed to further strengthen their long-standing partnership and cooperation.

Moussa Faki Mahamat, Chairman of the African Union Commission (AUC), and European Commission President Jean-Claude Juncker

THE EU: AFRICA’S BIGGEST GLOBAL INVESTOR IN PEOPLE

The EU is the biggest world development and humanitarian aid donor. The EU’s assistance is about concrete investment in people and in our mutual interest. The EU is providing €31 billion in Official Development Assistance to Africa between 2014-2020. This funding is helping to boost Africa’s economy to give youth a chance to build a future, to ensure food security and access to energy, and to anchor good governance and respect of human rights.

Official development aid to Africa

Source: OECD Development Assistance Committee, 2016, current prices, USD converted to EUR at official OECD rates.
EU EMERGENCY TRUST FUND FOR AFRICA

President Juncker announced the launch of the EU Emergency Trust Fund for Africa in his 2015 State of the Union Address to tackle the root causes of instability and irregular migration by promoting economic and employment opportunities, security and development.

It is now worth €4.09 billion and has invested in concrete projects across the African continent. Yet more can be done: President Juncker has called on Member States to contribute to the Fund in order to allow response to the identified needs.

EU EXTERNAL INVESTMENT PLAN

The External Investment Plan provides a state-of-the-art framework to improve investments in Africa and the European Neighbourhood. It supports innovative financial instruments such as European guarantees to boost private investment. With an input of €4.1 billion from the EU, it will enable the mobilisation of up to €44 billion of private investments by 2020 in sub-Saharan Africa and the European Neighbourhood. The External Investment Plan and its European Fund for Sustainable Development focus on a number of priority areas, such as: clean and renewable energy and connectivity; the financing of micro, small and medium enterprises; agriculture, rural entrepreneurs and agroindustry; sustainable cities; and digitalisation for inclusive development. Since its launch last September, the EU gave its green light to a package of financial guarantee programmes worth around €800 million in guarantees and €1.6 billion in blending, which will overall translate into €24 billion of investment in both the public and private sectors.

DID YOU KNOW?
Thanks to the EU Emergency Trust Fund for Africa...

- over 4.8 million most vulnerable people have benefited from basic services, food security and nutrition programmes;
- 540,000 people will be provided with access to healthcare and basic services, through a project in Burkina Faso;
- some 238,000 jobs will be created across the continent, in particular in the Sahel and Horn of Africa regions;
- 85,000 migrants have been assisted, for example through medical and psycho-social support as well as through voluntary return to their home countries and reintegration.
### TRADE AND INVESTMENT: QUICK FACTS

<table>
<thead>
<tr>
<th>Africa’s trade* in goods per partner</th>
<th>Foreign Direct Investment in Africa</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EU</strong></td>
<td><strong>EU and Member States</strong></td>
</tr>
<tr>
<td><img src="image1.png" alt="Image" /> <strong>36%</strong></td>
<td><strong>40%</strong></td>
</tr>
<tr>
<td><strong>China</strong></td>
<td><strong>United States</strong></td>
</tr>
<tr>
<td><img src="image3.png" alt="Image" /> <strong>16%</strong></td>
<td><img src="image4.png" alt="Image" /> <strong>7%</strong></td>
</tr>
<tr>
<td><strong>United States</strong></td>
<td><strong>China</strong></td>
</tr>
<tr>
<td><img src="image6.png" alt="Image" /> <strong>6%</strong></td>
<td><img src="image7.png" alt="Image" /> <strong>5%</strong></td>
</tr>
<tr>
<td><strong>Japan</strong></td>
<td><strong>Japan</strong></td>
</tr>
<tr>
<td><img src="image9.png" alt="Image" /> <strong>2%</strong></td>
<td><img src="image10.png" alt="Image" /> <strong>1%</strong></td>
</tr>
</tbody>
</table>


- the EU is Africa’s biggest investor, with its Member States holding an **investment stock of €291 billion in 2016**.
- the EU accounted for 34.7% of total African imports and 37.1% of African exports in 2017.
- **35.7% of Africa’s trade takes place with the EU** (import and exports).
- the European Investment Bank has invested over €25 billion in support of more than **1,200 public and private sector projects in Africa**.
- the EU is Africa’s **biggest partner for clean and renewable energy**, with €2.7 billion for sub-Saharan Africa (2014-2020).
- the EU and its Member States are the biggest contributors of **climate finance** to developing countries, having provided €20.2 billion in 2016 alone. A major part of this benefits African partners to meet with the Paris Agreement commitments.
- the EU and its Member States are the leading **global Aid for Trade provider, with €13.2 billion** in commitments, of which Africa continues to receive the largest share with 36%.

### SUPPORT FOR YOUTH, TRAINING AND SKILLS

- The EU supports **technical and vocational education and training with €1.34 billion** (2014-2020).
- As a result of EU programmes (between 2016 and 2017) **2.4 million children have been enrolled in primary education** in sub-Saharan Africa.
- Nearly **750,000 people** in Africa will benefit from technical and vocational education and training, skills development and other active labour market programmes through EU-funded initiatives between 2014 and 2020.
- **3,200 teachers** have been trained thanks to EU-funded initiatives (2016-2017) in sub-Saharan Africa.

### STRENGTHENING GOVERNANCE AND RULE OF LAW

- **129 EU Election Observation Missions and Election Expert Missions** have been deployed in Africa since 2000. In recent years, there have been eight EU Election Observation Missions in Gabon, Gambia, Ghana, Kenya, Liberia, Uganda, Zambia and Zimbabwe as well as one Election Expert Mission in Somalia;
- **2,600 Human Rights Defenders** have received EU support in sub-Saharan Africa (between 2016 and 2017);
- 218,400 people in Africa directly benefited from **legal aid programmes** supported by the EU from mid 2016 to mid 2017.
INVESTING IN PEACE AND SECURITY

- there are currently **eight EU Common Security and Defence Policy missions** and operations on the African continent;
- the EU has helped to **significantly reduce piracy** in the Horn of Africa through its military mission EU NAVFOR Atalanta;
- the EU’s missions in Africa have **trained 30,000 military, police and judiciary personnel**;
- 719,000 people in sub-Saharan Africa have benefited from EU-supported programmes for **civilian post-conflict peace building and conflict prevention** (between 2016 and 2017);
- the EU is the first supporter of the efforts of the G5 Sahel countries to **improve security** and cross-border cooperation in the region;
- the EU, through the European Development Fund, committed **more than €2.7 billion to the African Peace Facility** since its establishment in 2004;
- with €1.6 billion, the EU is the main contributor to the African Union’s peacekeeping mission in Somalia, which works to bring greater security and stability to the country.
STATE OF THE UNION 2018
THE EUROPEAN SOLIDARITY CORPS
The European Solidarity Corps: on a Firm Footing for the Years to Come

‘I volunteered because I wanted to gain a broader view of the world and to enhance my personal skills and my working experience. I am a volunteer in an asylum centre. I organise well-being workshops for the women in the centre. This is how a relationship between people who work here and people who live here starts.’

Laura, European Solidarity Corps Volunteer, Red Cross, Eupen, Belgium

In his 2016 State of the Union address, President Juncker announced the creation of a European Solidarity Corps, offering young people between the ages of 18 and 30 the opportunity to take part in a wide range of solidarity activities across the EU. From the start, the European Solidarity Corps has been about more than only volunteering. It also creates opportunities for young people to develop their skills and increase their future labour market prospects via a job or a traineeship. Until March 2019, up to 7,000 young people will benefit from a solidarity-related job or traineeship.

Since the launch of the European Solidarity Corps on 7 December 2016:

76,000 young people have registered from all Member States
9,000 young people are involved in solidarity activities with over 4,400 organisations

In June 2018, the European Parliament and the Council reached a political agreement on the Commission’s proposal to secure a budget of €375.6 million for the European Solidarity Corps. This will allow us to:

- Make these opportunities available to 100,000 young people by the end of 2020
- Extend the types of activities: in addition to volunteering, traineeships and jobs in solidarity fields, young people will be able to volunteer in teams, or set up youth-led solidarity projects themselves
- Allow for in-country activities in addition to activities in other EU countries
EUROPEAN SOLIDARITY CORPS IN ACTION: FROM CROSS-BORDER LARGE-SCALE PROJECTS TO SMALLER-SCALE LOCAL INITIATIVES

The European Solidarity Corps is about showing solidarity with the people who need it most after dramatic events such as natural disasters, but also about helping the most vulnerable in our societies.

Activities can range from safeguarding cultural heritage...

In August 2017, 16 European Solidarity Corps volunteers arrived in Norcia, Italy, one of the towns that were hit hard by several severe earthquakes between August 2016 and January 2017. In summer 2018, groups of volunteers were again helping with the ongoing efforts to repair damage to cultural heritage and rebuild social services for the local community. In total, by 2020, 230 young people will have volunteered in the earthquake-hit regions of Italy.

...to preserving the environment, far away or nearby...

Ellie and Anax, both from Greece, are working in their own country, in Aegion, on a research project aiming to find ways to reduce the carbon emissions generated by the maritime industry in narrow sea areas. They are also setting up a database of good practices and projects in the area of energy efficiency and sustainable development.

...or taking care of people with a disability...

Ruben from Spain is volunteering in Malta, where he organises all kinds of activities for disabled people, such as pottery sessions, therapeutic horse riding, arts and crafts, swimming sessions and animal park visits.

...and more!

Géraldine from France started her traineeship as Legal Operator and Cultural Mediator with Euroform RFS, where she provides legal assistance for asylum seekers. Euroform RFS is an Italian training agency which aims to bring jobseekers, in particular those coming from outside the EU, closer to the labour market.
SOLIDARITY CORPS TIMELINE

14 September 2016: President Juncker announces the creation of a European Solidarity Corps

7 December 2016: The European Solidarity Corps is launched

20 March 2017: The first European Solidarity Corps member starts her activity

27 June 2018: The European Parliament and the Council reach a political agreement on the Commission’s proposal to provide the European Solidarity Corps with its own budget and legal framework until 2020

10 August 2018: First call for proposals under the new and improved European Solidarity Corps programme

Autumn 2018: Expected formal adoption by the European Parliament and the Council of the Commission’s proposal to provide the European Solidarity Corps with its own budget and legal framework until 2020

2018-2019: Commencement of negotiations between the European Parliament, the Council and the Commission on the future long-term budget, including the European Solidarity Corps

FOR THE NEXT EU MULTIANNUAL FINANCIAL FRAMEWORK

For the next EU Multiannual Financial Framework, from 2021 to 2027, the Commission has proposed:

- increasing the budget for the European Solidarity Corps to €1.26 billion to allow at least 350,000 young people to participate;

- including volunteering activities in support of humanitarian aid operations (the current EU Aid Volunteer scheme) in the Solidarity Corps.

To register, go to https://europa.eu/youth/solidarity
Better Regulation

President Juncker campaigned in 2014 for the European Commission to be ‘big on big things’ and smaller on things where EU action does not add value. Since day one, the Juncker Commission has delivered on this, putting in place a broad Better Regulation Agenda to change the way the Commission works. This starts with focusing on a core set of ten Political Priorities, which are put into practice each year with our targeted Commission Work Programmes featuring a limited number of priority initiatives. The same approach will be taken for the final year of the Commission’s mandate, with a strong focus on reaching agreement on proposals already on the table, in particular the 46 initiatives agreed for priority treatment with the European Parliament and the Council in the Joint Declarations on Legislative Priorities. To focus on delivery, the Commission fixed a deadline of May 2018 for the presentation of new proposals, to allow time for adoption before the European elections in May 2019. Only proposals of exceptional political importance will be considered for adoption after this date.

Better Regulation is also about paying constant attention to the current body of EU law, ensuring it is fit for purpose through fitness checks, listening actively to the input of those most affected by EU laws on a daily basis and carrying out revisions, repeals and simplifications of the current legislative acquis where needed. The REFIT Platform is making an important contribution to this process and has adopted 83 opinions on legislation so far. The Commission’s impact assessments and important evaluations are scrutinised by an independent Regulatory Scrutiny Board.

The Better Regulation is about developing policy in an open way. The Commission now engages actively at every stage of the policymaking process, from input on our initial ideas to feedback on our legislative proposals. The College of Commissioners takes full political responsibility even for these initiatives which were previously taken at technical level, and discusses the more important ones in its weekly meetings. This represents a significant departure from previous Commissions. Under the Juncker Commission, there is no governing by committee; it is the politicians who take decisions and are accountable for them.

**BETTER REGULATION IN NUMBERS, 2015-2018**

<table>
<thead>
<tr>
<th>Priority initiatives</th>
<th>Proposals for withdrawal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Since the start of the Juncker Commission</td>
<td>124</td>
</tr>
<tr>
<td>2015</td>
<td>2016</td>
</tr>
<tr>
<td>100</td>
<td>23</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Repealed laws</th>
<th>Initiatives for regulatory simplification</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015-2018</td>
<td>152</td>
</tr>
<tr>
<td>77</td>
<td>2015-2018</td>
</tr>
</tbody>
</table>

**We are listening to citizens** and stakeholders throughout the policy cycle — through public consultations, the REFIT (Regulatory Fitness) Platform, the ‘Lighten the load’ web portal and 958 Citizens’ Dialogues.

**Impact assessments** generally accompany Commission proposals. 216 have been prepared since the beginning of 2015.

**An independent Regulatory Scrutiny Board** ensures the quality of impact assessment work and evaluates the quality of legislation.

The subsidiarity principle is strengthened by **listening more to national Parliaments**. Over 837 visits and meetings of Members of the Commission with national Parliaments have taken place.
President Juncker announced in his 2017 State of the Union Address the creation of a Task Force on Subsidiarity, Proportionality and ‘Doing Less More Efficiently’ under the chairmanship of First Vice-President Frans Timmermans. The Task Force had three members from the Committee of the Regions and three members from the national Parliaments of Austria, Bulgaria and Estonia.

The Task Force reached several broad conclusions and presented nine recommendations, together with concrete actions addressed to national Parliaments, national, regional and local authorities, the European Parliament, the Council, the Committee of the Regions and the European Commission.

The Task Force’s conclusions

- The Union needs to address important emerging challenges, such as security, defence and migration, and to intensify its actions in other areas such as climate change and innovation. There is a clear need at European level to prioritise activities and to use available resources more efficiently.

- A ‘model grid’ should be used to assess subsidiarity and proportionality more consistently across the European Parliament, the Council, the Commission, the Committee of the Regions and the national and regional Parliaments throughout the decision-making process — a kind of checklist for all parties to refer to throughout the legislative process.

- A new way of working is necessary to improve the current policymaking processes. This will allow local and regional authorities and national Parliaments to make a more effective contribution to policymaking and to the design of new legislation. For example, the Commission will interpret flexibly the eight-week time limit granted to national Parliaments to comment on draft legislation. This ‘active subsidiarity’ approach should promote greater ownership of what the Union does by all levels of government. This new way of working requires a common understanding of subsidiarity and proportionality and reflects the specific role of national, local and regional authorities in implementing Union legislation on the ground.

- The new approach should be applied to the existing body of EU legislation and to new political initiatives. The Task Force highlighted the input from numerous stakeholders as a way of kick-starting a rigorous reflection on legislation which might be evaluated from the perspectives of subsidiarity, proportionality, the role of local and regional authorities and legislative density. There would then be the possibility of reviewing or repealing legislation if and when appropriate.

Active Subsidiarity: A new way of working

President Juncker mandated the Task Force with three tasks:

1. How to better apply the principles of subsidiarity and proportionality in the work of the EU’s Institutions, notably regarding the preparation and implementation of Union legislation and policies.

2. The identification of any policy areas where, over time, decision-making and/or implementation could be redelegated in whole or in part or definitively returned to the Member States.

3. The identification of ways to better involve regional and local authorities in the preparation and the follow-up of Union policies.
STATE OF THE UNION 2018
DELIVERING ON WHAT THE EU PROMISED:
ENFORCING MORE EFFECTIVELY OUR
JOINT DECISIONS
Delivering on What the EU Promised: Enforcing More Effectively our Joint Decisions

The effective application of European Union law is essential to make sure that citizens and businesses enjoy the benefits that this law offers them. Any rule, no matter how carefully drafted and prepared, is only as effective as its implementation. This is why the Commission takes as much care in ensuring that laws are properly applied as it does in designing them in the first place. In accordance with the Treaties, the Commission is responsible for ensuring that EU law is correctly applied in all Member States. If an EU Member State fails to apply EU law effectively, the Commission may launch a formal infringement procedure and, if necessary, bring the case before the Court of Justice of the European Union. Since 2016, when this Commission set clear priorities in its work on infringement cases, the Commission’s enforcement efforts have focused on the most important breaches of EU law, where action at European level can bring real added value. As of September 2018, 1,474 infringement cases remain open. This is a decrease from the previous years.

Thanks to fruitful dialogues with Member States, a significant number of infringement procedures are resolved before the Commission goes to Court.

Infringement procedures are an option of last resort. The key to effective implementation of EU law is the cooperation and communication between the Commission and the Member States. The Commission’s objective is to improve the partnership with Member States and to ensure together that EU law is applied correctly and in a timely manner.

To facilitate timely and correct transposition, the Commission continues to assist Member States by preparing implementation plans, websites and guidance documents, and by exchanging best practice in expert group meetings. For example, ahead of the direct application of the General Data Protection Regulation (GDPR) as of 25 May 2018, the Commission published detailed guidance in January 2018 to help Member States apply the new rules in time.
The Commission’s role is on the one hand to assist Member States in implementing EU law and on the other to take firm action against serious breaches of it. The two roles go hand in hand.

The Commission referred Poland to the Court of Justice of the EU over its increased logging in the Białowieża Forest, which is one of Europe’s last remaining primeval forests and a protected ‘Natura 2000’ site. The site protects species and habitats that are dependent on old-growth forests, including the availability of dead wood. For some of these species, the Białowieża Forest is the most important and the last remaining site in Poland. As logging operations started on a significant scale, the Commission also asked the Court to impose interim measures ordering Poland to suspend the works immediately. The Court granted the Commission’s request and ordered Poland to immediately cease its active forest management operations in the Białowieża Forest, save for exceptional cases where they are strictly necessary to ensure public safety. The Court also confirmed for the first time that Poland could face financial penalties if it did not comply with this decision.

Each failure to correctly apply EU law denies Europeans the rights and the benefits they enjoy under it. The Commission is committed to ensuring, by monitoring the implementation of EU rules, that Europeans benefit each day from the freedom to live, work, shop and trade across the European Union.
Visits and Meetings of Members of the Commission with national Parliaments since the Beginning of the Mandate

1 November 2014 – 12 September 2018
Total number of visits of Members of the Commission to national Parliaments since the beginning of the mandate 837
Citizens’ Dialogues across the EU

<table>
<thead>
<tr>
<th>Country</th>
<th>Total 2015-2018</th>
<th>Total in 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>42</td>
<td>21</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>35</td>
<td>17</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>17</td>
<td>9</td>
</tr>
<tr>
<td>Denmark</td>
<td>25</td>
<td>15</td>
</tr>
<tr>
<td>Germany</td>
<td>61</td>
<td>31</td>
</tr>
<tr>
<td>Estonia</td>
<td>25</td>
<td>14</td>
</tr>
<tr>
<td>Ireland</td>
<td>17</td>
<td>9</td>
</tr>
<tr>
<td>Greece</td>
<td>13</td>
<td>8</td>
</tr>
<tr>
<td>Spain</td>
<td>43</td>
<td>23</td>
</tr>
<tr>
<td>France</td>
<td>82</td>
<td>40</td>
</tr>
<tr>
<td>Croatia</td>
<td>16</td>
<td>7</td>
</tr>
<tr>
<td>Italy</td>
<td>42</td>
<td>25</td>
</tr>
<tr>
<td>Cyprus</td>
<td>15</td>
<td>8</td>
</tr>
<tr>
<td>Latvia</td>
<td>22</td>
<td>10</td>
</tr>
<tr>
<td>Lithuania</td>
<td>53</td>
<td>40</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>15</td>
<td>8</td>
</tr>
<tr>
<td>Hungary</td>
<td>31</td>
<td>14</td>
</tr>
<tr>
<td>Malta</td>
<td>17</td>
<td>12</td>
</tr>
<tr>
<td>Netherlands</td>
<td>21</td>
<td>6</td>
</tr>
<tr>
<td>Austria</td>
<td>43</td>
<td>31</td>
</tr>
<tr>
<td>Poland</td>
<td>84</td>
<td>64</td>
</tr>
<tr>
<td>Portugal</td>
<td>43</td>
<td>23</td>
</tr>
<tr>
<td>Romania</td>
<td>26</td>
<td>4</td>
</tr>
<tr>
<td>Slovenia</td>
<td>18</td>
<td>7</td>
</tr>
<tr>
<td>Slovakia</td>
<td>55</td>
<td>31</td>
</tr>
<tr>
<td>Finland</td>
<td>33</td>
<td>15</td>
</tr>
<tr>
<td>Sweden</td>
<td>44</td>
<td>13</td>
</tr>
</tbody>
</table>

CITIZENS’ DIALOGUES

The deepening of the democratic functioning of the EU has been a priority for this Commission. Jean-Claude Juncker, President of the European Commission, asked Members of the Commission in their mission letters ‘to be politically active in the Member States and in dialogues with citizens’. Since the beginning of the Juncker Commission, the Vice-Presidents and the Commissioners, as well as Commission officials, have taken part in almost 1,000 Citizens’ Dialogues across the European Union. More than 300 will be organised by the end of March 2019.

FUTURE OF EUROPE DEBATES

In March 2017, when President Juncker submitted the Commission’s White Paper on the Future of Europe, he invited the European Parliament and Member States, together with the European Commission, to host a series of ‘Future of Europe Debates’ across Europe’s national Parliaments, cities and regions. This has sparked an increased number of debates all over the EU.

ONLINE CONSULTATION

Following initiatives by French President Macron and other Leaders, Member States agreed in April 2018 on a joint framework to organise consultations with citizens, building on the European Commission experience. On 9 May 2018, the Commission launched an online public consultation addressed to all Europeans, asking them what direction they want the European Union to take in the future. The questions were drafted by a panel of 96 people reflecting the diversity of European citizens. More than 40,000 people have already posted their contribution. This online consultation is running in parallel with the Citizens’ Dialogues organised by the European Commission and the Member States.

You can attend Citizens’ Dialogues or participate in the online consultation on the Future of Europe: https://ec.europa.eu/commission/future-europe_en

TRANSNATIONAL DIALOGUES

A series of transnational Dialogues are taking place in border cities with citizens from two or three Member States, organised by Europe Direct Information Centres.
Citizens’ Dialogues in numbers
(including 20 Facebook live Citizens’ Dialogues)

- *958 dialogues in 345 towns*

Participants per year:
- 2015: 17,400
- 2016: 20,000
- 2017: 50,800
- 2018: 60,000 (**)

Total outreach since 2015:
- 146,800 total participants
- More than 35 million social media impressions
- 1 million viewers engaged via web streaming
- 200 million people in potential media outreach

Citizens’ Dialogues since the beginning of the Juncker Commission

(*) Estimated of number of participants by 12 September 2018.
(**) Estimated of number of participants by end of 2018.
COMMUNICATING AS THE EUROPEAN UNION

It is not just the Commission that takes part in Citizens’ Dialogues, the other EU institutions have joined in too. The European Parliament, the European Economic and Social Committee, and the European Committee of the Regions are now all engaging directly with Europeans.

Member States have followed suit and have launched initiatives either on their own or jointly with the Commission.
SPOTLIGHT ON CITIZENS’ DIALOGUES

In April 2018 in Bled, Slovenia, the European Parliament and the European Commission co-organised a joint Citizens’ Dialogue. Members of the European Parliament Franc Bogovič and Tibor Szanyi, and Commissioners Violeta Bulc and Phil Hogan, represented the institutions. The public expressed ideas about the development of rural areas and smart villages, where traditional and new services are improved by means of digital technologies, innovations and the better use of knowledge. Connectivity and the Common Agricultural Policy were key topics during the debate.

What financial instruments will be available in the future to support small companies and research and innovation?

Participant in a Citizens’ Dialogue in Bled, Slovenia

We are now deciding about the future of the Common Agriculture Policy and we will need to ensure that it is adapted to the challenges of the future, such as climate change and digitalisation. In the future, in addition to tractors, farmers will be using smartphones and tablets. We need to help them to study and develop, and prepare themselves for these challenges.

Participant in a Citizens’ Dialogue in Bled, Slovenia

President Juncker honoured the promise made at the Citizens’ Dialogue in St Vith, Belgium, on the Day of the German-speaking Community (15 November 2016) to return and hold another Citizens’ Dialogue on the same day in 2017. The President exchanged with the public during a lively discussion in which he shared the stage with Karl-Heinz Lambertz, the President of the Committee of the Regions, Oliver Paasch, Minister-President of the Belgian-German speaking Community and Pascal Arimont, Member of the European Parliament.

The atmosphere was buzzing with 700 people keen to engage on a wide range of topics; from regional and local issues to broader international concerns.

Why don’t we recycle everywhere in Europe? Can we not decide on common rules that all Member States must adhere to?

Participant in a Citizens’ Dialogue in St Vith, Belgium

Why do those of us living in rural areas pay more for public transport to cross borders?

Participant in a Citizens’ Dialogue in St Vith, Belgium

FUTURE OF EUROPE DEBATES ORGANISED BY THE EUROPEAN PARLIAMENT

The European Parliament has launched and hosted a series of high-profile debates on the Future of Europe, intended to run for the whole of 2018. While the Heads of State or Government of countries holding the rotating Presidency of the Council — this year, Bulgarian Prime Minister Borissov and Austrian Chancellor Kurz — routinely debate with Members of the European Parliament in plenary, the Leaders of other EU Member States are now able to set out publicly their vision for Europe’s future in a dialogue with the directly elected European institution, during its plenary sittings. So far, at the invitation of its President, Antonio Tajani, the European Parliament has hosted the Leaders of eight Member States in the context of these ‘Future of Europe’ debates, welcoming the Irish Prime Minister (Taoiseach) Leo Varadkar, Croatian Prime Minister Andrej Plenković, Portuguese Prime Minister António Costa, Belgian Prime Minister Charles Michel, Luxembourgish Prime Minister Xavier Bettel, Dutch Prime Minister Mark Rutte, Polish Prime Minister Mateusz Morawiecki, and the French President Emmanuel Macron.
STATE OF THE UNION 2018
THE STATE OF PUBLIC OPINION IN THE EU
The State of Public Opinion in the EU

Compared to 2017, EU public opinion is more confident. 58% of people in the European Union are now optimistic about their future. People have a positive opinion of the current state of the European economy for the first time since the start of the economic and financial crisis in 2007. Support for the Economic and Monetary Union remains very strong (74% in the euro area).

Trust in the EU institutions is on the rise compared with autumn 2017. One year before the European elections, the proportion of the population thinking that their voice counts in the European Union (45%) is the highest since 2004 and 70% now feel that they are citizens of the European Union.

Source: Standard Eurobarometer, Spring 2018.
PERCEPTION OF THE EUROPEAN ECONOMIC SITUATION

How would you judge the current situation of the European economy?

DON'T KNOW
TOTAL 'GOOD'
TOTAL 'BAD'

PERCEPTION OF THE NATIONAL ECONOMIC SITUATION

How would you judge the current situation of the national economy?

DON'T KNOW
TOTAL 'GOOD'
TOTAL 'BAD'
SUPPORT FOR THE EURO

Are you for or against a European Economic and Monetary Union with one single currency, the euro?

TRUST IN THE INSTITUTIONS

‘I tend to trust the following institutions’
STATE OF THE UNION 2018
THE STATE OF PUBLIC OPINION IN THE EU

MY VOICE COUNTS

‘My voice counts in the EU’

FEELING AS A CITIZEN OF THE EU

‘I feel I am a citizen of the EU’
INTRODUCTION: A REAL OBLIGATION OF ACTION AND VIGILANCE

Mr President,

Madam President of the Council,

Honourable Members of the European Parliament,

At times, history moves forward only haltingly but it is always quick to pass us by.

Such is the fate of a Commission with just a five-year mandate to make a real difference. In such a short space of time, it is not possible to change the course of things definitively.

This Commission – like those that have gone before – is merely a chapter, a brief moment in the long history of the European Union. But the time has not yet come to pass judgement on the Commission over which I preside.

This is why I will not today present you with an overview of the last four years’ achievements.

Instead, I say to you that our efforts will continue unabated over the coming months to render this imperfect Union that little bit more perfect with each passing day.

There is much still to be done. And this is what I want to talk to you about this morning.

No self-congratulating, no boasting. Modesty and hard work: this is the attitude the Commission will continue to adopt. This is what is on our agenda for the months to come.

History - in the true sense of the term - can also show up, unannounced, in the life of nations and be slow to leave.

Such was the fate of Europe’s nations during the Great War starting in 1914. A war which took the sunny, optimistic and peaceful continent of the time by surprise.

In 1913, Europeans expected to live a lasting peace. And yet, just a year later, a brutal war broke out amongst brothers, engulfing the continent.

I speak of these times not because I believe we are on the brink of another catastrophe in Europe. But because Europe is the guardian of peace.

We should be thankful we live on a peaceful continent, made possible by the European Union.

So let us show the European Union a bit more respect. Let us stop dragging its name through the mud and start defending our communal way of life more.

We should embrace the kind of patriotism that is used for good, and never against others. We should reject the kind of exaggerated nationalism that projects hate and destroys all in its path. The kind of nationalism that points the finger at others instead of searching for ways to better live together.

Living up to Europe’s rallying cry – never again war – is our eternal duty, our perpetual responsibility. We must all remain vigilant.
THE STATE OF OUR UNION IN 2018

EFFORTS THAT ARE BEARING FRUIT

Honourable Members of the European Parliament,

What is the State of the Union today, in 2018?

Ten years after Lehman Brothers, Europe has largely turned the page on an economic and financial crisis which came from outside but which cut deep at home.

Europe’s economy has now grown for 21 consecutive quarters.

Jobs have returned, with almost 12 million new jobs created since 2014. 12 million – that is more jobs than there are people in Belgium.

Never have so many men and women – 239 million people – been in work in Europe.

Youth unemployment is at 14.8 %. This is still too high a figure but is the lowest it has been since the year 2000.

Investment is back, thanks notably to our European Fund for Strategic Investments, which some – less and less – still call the ‘Juncker Fund’. A Fund that has triggered 335 billion euro worth of public and private investment. We are closing in on 400 billion.

And then there is Greece. After what can only be described as some very painful years, marked by unprecedented social hardship, Greece successfully exited its programme and is now back on its own two feet. I once again applaud the people of Greece for their Herculean efforts. Efforts which other Europeans continue to underestimate. As you know, I have always fought for Greece, its dignity, its role in Europe, and its place inside the euro area. Of this I am proud.

Europe has also reaffirmed its position as a trade power. Our global trading position is the living proof of the need to share sovereignty. The European Union now has trade agreements with 70 countries around the world, covering 40 % of the world’s GDP. These agreements – so often contested but often unjustly – help us export Europe’s high standards for food safety, workers’ rights, the environment and consumer rights far beyond our borders.

When, amidst dangerous global tensions, I went to Beijing, Tokyo and Washington in the space of one week last July, I was able to speak, as President of the European Commission, on behalf of the world’s biggest single market. On behalf of a Union accounting for a fifth of the world’s economy. On behalf of a Union willing to stand up for its values and interests. I showed Europe to be an open continent. But not a naïve one.

The strength of a united Europe, both in principle and in practice, gave me the clout I needed to get tangible results for citizens and businesses alike.

United, as a Union, Europe is a force to be reckoned with. In Washington, I spoke in Europe’s name. For some, the agreement I struck with President Trump came as a surprise. But it was no surprise – as whenever Europe speaks with one voice, there is never any surprise. When Europe speaks with one voice, it can prevail.

When needed, Europe must act as one.
A GLOBAL RESPONSIBILITY

We proved this when relentlessly defending the Paris Agreement on climate change. We did this because, as Europeans, we want to leave a healthier planet behind for those that follow. I share our Energy Commissioner’s conclusions when it comes to our targets for reducing CO2 emissions by 2030. They are both scientifically accurate and politically indispensable.

This summer’s droughts are a stark reminder – not only for farmers – of just how important that work is to safeguard the future for generations of Europeans. We obviously cannot turn a blind eye to the climate challenge. We – Commission and Parliament – must look to the future.

Ladies and Gentlemen,

The world has not stopped turning. It is more volatile than ever. The external challenges facing our continent are multiplying by the day.

**There can therefore be not a moment’s respite in our efforts to build a stronger and more united Europe.**

Europe can export stability, as we have done with the successive enlargements of our Union. For me, these are and will remain success stories – for we were able to reconcile Europe’s history and geography. But there is more to be done. We must find unity when it comes to the Western Balkans and their future membership. Should we not, our immediate neighbourhood will be shaped by others.

Take a look around. What is happening in Syria, in Idlib, now must be of deep and direct concern to us all. **We cannot remain silent in face of this impending humanitarian disaster – which appears now all but inevitable.**

The conflict in Syria is a case in point for how the international order that served Europeans so well after the Second World War is being increasingly called into question.

In today’s world, Europe can no longer be certain that words given yesterday can still be counted on today. That old alliances may not look the same tomorrow.

THE HOUR OF EUROPEAN SOVEREIGNTY

As I have said, the world today needs a strong and united Europe.

A Europe that works for peace, trade agreements and stable currency relations, even as others become rather too prone to trade and currency wars. I am not in favour of a selfish unilateralism that defies expectations and dashes hopes. I will always firmly champion multilateralism.

If Europe were better aware of the political, economic and military might of its nations, its role in the world could be strengthened. We will always be a global payer but **it is time we started being a global player too.**

This is why – despite great resistance at the time – I reignited the Europe of Defence as early as 2014. And this is why I will continue to work day and night over the next months to see the European Defence Fund and Permanent Structured Cooperation in Defence become fully operational. Allow me to clarify one important point: we will not militarise the European Union. What we want is to become more autonomous and live up to our global responsibilities.
Only a strong and united Europe can protect our citizens against threats internal and external – from terrorism to climate change.

Only a strong and united Europe can protect jobs in an open, interconnected world.

Only a strong and united Europe can master the challenges of global digitisation.

It is because of our single market – the largest in the world – that we can set standards for big data, artificial intelligence, and automation. And that we are able to uphold Europeans’ values, rights and identities in doing so. But we can only do so if we stand united.

**A strong and united Europe is what allows its Member States to reach for the stars.** It is our Galileo programme that is today keeping Europe in the space race. No single Member State – none – could have put 26 satellites in orbit, for the benefit of 400 million users worldwide. No single Member State could have done this alone. Galileo is a success – in great part, if not entirely, thanks to Europe. **No Europe, no Galileo. We should be proud.**

Mr President,

The geopolitical situation makes this Europe’s hour: **the time for European sovereignty has come.**

It is time Europe took its destiny into its own hands. It is time Europe developed what I coined ‘*Weltpolitikfähigkeit*’ – the capacity to play our role in shaping global affairs. Europe has to become a more sovereign actor in international relations.

European sovereignty is born of Member States’ national sovereignty and does not replace it. Sharing sovereignty – when and where needed – makes each of our States and nations stronger.

**This belief that ‘united we stand taller’ is the very essence of what it means to be part of the European Union.**

European sovereignty can never be to the detriment of others. Europe is a continent of openness and tolerance. And it will remain so.

Europe will never be a fortress, turning its back on the world or those suffering within it. Europe is not an island. It must and will champion multilateralism. Because the world we live in belongs to all and not a select few.

This is what is at stake when Europeans take to the polls in May next year. We will use the 250 days before the European elections to prove to citizens that, acting as one, this Union is capable of delivering on expectations and on what we promised to achieve at the start of this mandate.

By the elections, **we must show that Europe can overcome differences between North and South, East and West.** The European Union – Europe – is too small to let itself be divided in halves or quarters.

**We must show that together – East, West, South and North – we can plant the seeds of a more sovereign Europe.**
DELIVERING ON OUR PROMISES

Mr President,

Ladies and Gentlemen,

Europeans taking to the polls in May 2019 will not care what the Commission has proposed. But they will care strongly about internet giants paying taxes where they make their profits. What the voters want – and a good many of you too; not all, I know – is for the Commission’s proposal to become law quickly. And they are quite right.

Europeans taking to the polls in May 2019 will not care about the Commission’s good intention to crack down on single-use plastics to protect our oceans against marine litter. To get Europeans on our side and convince them that what we are doing is right, we need a European law that bans these plastics to be actually in force.

We all say – usually in soap-box speeches – that we want to be big on big things and small on small things. But there will be no applause in May 2019 when EU law dictates that Europeans have to continue to change their clocks twice a year. Clock-changing must stop. Member States should themselves decide whether their citizens live in summer or winter time. It is a question of subsidiarity. I expect the Parliament and Council will share this view and will ensure that regional solutions are found that work for the internal market. We are out of time.

This is why I am today calling on all to work closely together over the next months, so that we can jointly deliver on what we promised in 2014 – before the European Parliament elections.

At the beginning of this mandate, we all collectively promised to deliver a more innovative Digital Single Market, a deeper Economic and Monetary Union, a Banking Union, a Capital Markets Union, a fairer Single Market, an Energy Union with a forward-looking climate policy, a comprehensive Migration Agenda, and a Security Union. And we – or at least most of us – resolved that the social dimension of Europe should no longer be given Cinderella treatment, but should be geared towards the future.

The Commission has put all the proposals and initiatives we announced in 2014 on the table. Half of them have been adopted by Parliament and the Council. 20 % are well on the way. And 30 % are still under discussion – in some cases difficult discussion.

Ladies and Gentlemen,

I cannot accept that the blame for every failure – and of course there have been a few – is laid solely at the Commission’s door. Our proposals are there for all to see, in particular as regards refugees and migration. They need to be adopted and implemented. Whatever happens, I will continue to resist all attempts to blame the Commission alone – and I already know this will happen. There are scapegoats to be found in all the institutions – with the fewest in Commission and Parliament.

Leadership on the broadest front is what is needed now. This is notably the case when it comes to completing our Security Union. Europeans rightly expect their Union to keep them safe. This is why the Commission is today proposing new rules to get terrorist content off the web within one hour – the critical window in which the greatest damage can be done. And we are proposing to extend the tasks of the newly established European Public Prosecutor’s Office to include the fight against terrorist offences. We need to be able to prosecute terrorists in a more coordinated way, across our Union. Terrorists know no borders. We cannot allow ourselves to become unwitting accomplices because of our inability to cooperate.
In the same vein, we have also today proposed new measures to allow us to fight money laundering more effectively across our borders.

We must be equally committed to ensuring free and fair elections in Europe. This is why the Commission is proposing new rules to better protect our democratic processes from manipulation by third countries and, as we have already seen, powerful private interests.

Leadership and a spirit of compromise are of course very much needed when it comes to migration. We have made more progress on this than is often acknowledged. Five of the seven Commission proposals to reform our Common European Asylum System have been agreed. Our efforts to manage migration have borne fruit, with migrant numbers down by 97% in the Eastern Mediterranean and by 80% along the Central Mediterranean route. EU operations have helped rescue over 690,000 people at sea since 2015.

However, Member States have not yet found the right balance between the responsibility each must assume on its own territory and the solidarity all must show if we are to preserve a Schengen area without internal borders. I am and will remain strictly opposed to internal borders. Where borders have been reinstated, they must be removed. Failure to do so would amount to an unacceptable step back for the Europe of today and tomorrow.

The Commission and several Council presidencies have put numerous migration related proposals on the table. I call on the Austrian presidency to now take the decisive step to broker a sustainable solution on a balanced migration reform. I know that it will do so. We cannot continue to squabble to find ad hoc solutions each time a new ship arrives. Temporary solidarity is not good enough. We need more, better organised, lasting solidarity – today and forever more.

We need more solidarity not for solidarity’s sake but for the sake of efficiency. This is true in the case of our civil protection mechanism. When fires rage in one European country, all of Europe burns. The most striking images from this summer were not only those of the formidable fires, but also those of the Swedish people in danger applauding Polish firefighters coming to their aid – Europe at its best.

Turning back to migration: the Commission is today proposing to further strengthen the European Border and Coast Guard to better protect our external borders with an additional 10,000 European border guards funded by the EU budget by 2020.

We are also proposing to further develop the European Asylum Agency to make sure that Member States get more European support in processing asylum seekers in line with the Geneva Convention.

And we are proposing to accelerate the return of irregular migrants.

I would also like to remind Member States of the need to open legal pathways to the Union. I renew my call. We need skilled migrants. Commission proposals addressing this issue have been on the table for some time and must now be taken up.
Mr President,

Honourable Members of the European Parliament,

To speak of the future, one must speak of Africa – Europe’s twin continent.

By 2050, Africa’s population will number 2.5 billion. One in four people on earth will be African.

We need to invest more in our relationship with the nations of this great and noble continent. And we have to stop seeing this relationship through the sole prism of development aid. Such an approach is beyond inadequate, in fact it is humiliating.

Africa does not need charity, it needs true and fair partnerships. And we in Europe need this partnership just as much.

In preparing my speech today, I spoke to my African friends, notably Paul Kagame, the Chairperson of the African Union. We agreed that reciprocal commitments are the way forward.

We want to build a new partnership with Africa. Today, we are proposing a new Alliance for Sustainable Investment and Jobs between Europe and Africa. This Alliance – as we envision it – would help create up to 10 million jobs in Africa in the next 5 years alone.

We want to create a framework that brings more private investment to Africa.

We are not starting from scratch: our External Investment Plan, launched here two years ago, will mobilise over €44 billion in both the public and private investment. Alone the projects already that are in the pipeline or have already begun will unlock €24 billion.

We want to focus our investment where it matters the most. By 2020, the EU will have supported 35,000 African students and researchers with our strengthened Erasmus programme. By 2027, this figure will reach 105,000.

Trade between Europe and Africa is not insignificant. 36% of Africa’s trade is already with the European Union. But this is not enough. I believe we should develop the numerous trade agreements between Europe and the countries of Africa into a continent-to-continent free trade agreement, as an economic partnership between equals.

Mr President,

Ladies and Gentlemen,

Another issue where I see a strong need for the Union for leadership is Brexit. I will not enter into the details of the negotiations, which are being masterfully handled by my friend Michel Barnier. He works on the basis of a unanimous position confirmed time and again by the 27 Member States. However, allow me to recall three principles which should guide our work on Brexit in the months to come.

First of all, we of course respect the British decision to leave our Union, but we regret it deeply. But we also ask the British government to understand that someone who leaves the Union cannot be in the same privileged position as a Member State. If you leave the Union, you are of course no longer part of our Single Market, and certainly not only in parts of it.

Secondly, the European Commission, this Parliament and all other Member States will always show loyalty and solidarity with Ireland when it comes to the Irish border. This is why we want to find a creative solution that prevents a hard border in Northern Ireland. And we will defend all the
elements of the Good Friday Agreement. **It is Brexit that risks making the border more visible in Northern Ireland. It is not the European Union.**

Thirdly, after 29 March 2019, **the United Kingdom will never be an ordinary third country for us.** The United Kingdom will always be a very close neighbour and partner, in political, economic and security terms.

In the past months, when we needed unity in the Union, Britain was at our side, driven by the same values and principles of all other Europeans. This is why I welcome Prime Minister May’s proposal to develop an ambitious new partnership for the future, after Brexit. We agree with the statement made in Chequers that the starting point for such a partnership should be a free trade area between the United Kingdom and the European Union.

On the basis of these principles, the Commission’s negotiators, mainly my good friend Michel Barnier, stand ready to work day and night to reach a deal. We owe it to our citizens and our businesses to ensure the United Kingdom’s withdrawal is orderly and that there is stability afterwards. It will not be the Commission that will stand in the way of this.

### A STRONG PERSPECTIVE FOR THE FUTURE

Honourable Members of the European Parliament,

There is much work to be done before the European elections and before Europe’s Leaders meet in Romania on 9 May 2019.

In Sibiu, we will need to convince our fellow citizens that, on the essential points, we share the same ideas on the purpose of our Union. Europeans deserve better than uncertainty and confused objectives. They deserve clarity of intent, not approximations or half-measures. So let us not give European citizens half-measures.

This is what is at stake on the road to Sibiu.

By then we must have **ratified the EU-Japan partnership agreement** – for both economic and geopolitical reasons.

By then, we should also have brokered an agreement in principle on the **EU budget** after 2020.

If we want to give young Europeans the opportunity to make the most of our Erasmus programme – which we must – then we must decide on this, as well as other aspects of the budget.

If we want to give our researchers and start-ups more opportunities, and prevent funding gaps costing research jobs, we have to decide before the elections.

If we want – without militarising the European Union – to increase defence spending by a factor of 20, we will need to decide upon this before the European elections.

If we want to increase our investment in Africa by 23 %, we must decide quickly.

I am always being told – by Heads of State, ministers, MEPs and national MPs – that decisions cannot be taken before elections, as if elections were some sort of crisis of democracy. No. Elections are a natural part of democracy and it is natural – even urgent – to take decisions before elections to show the way to those voting for us.
By next year, we should also address the international role of the euro. The euro is 20 years young and has already come a long way – despite its critics.

It is now the world’s second currency, after the US dollar, with 60 countries linking their currencies to the euro in one way or another. But we must do more to allow our single currency to play its full role on the international scene.

Recent events have brought into sharp focus the need to deepen our Economic and Monetary Union and build deep and liquid capital markets. The Commission has made a series of proposals to do just that – most of which now await adoption.

We can and must go further. It is absurd that Europe pays for 80% of its energy import bill – worth 300 billion euro a year – in US dollars when only roughly 2% of our energy imports come from the United States. It is absurd, ridiculous that European companies buy European planes in dollars instead of euro. This all needs to be changed.

This is why, before the end of the year, the Commission will present initiatives to strengthen the international role of the euro. The euro must become the face and the instrument of a new, more sovereign Europe. For this, we must first put our own house in order by strengthening and deepening our Economic and Monetary Union, as we have already started to do. Without this, we will lack the means to strengthen the international role of the euro. We must complete our Economic and Monetary Union to make Europe and the euro stronger.

Last but not least, by Sibiu (Hermannstadt) I want to make visible progress in strengthening our foreign policy. We must improve our ability to speak with one voice when it comes to our foreign policy. It is not right that Europe silenced itself at the United Nations Human Rights Council when it came to condemning human rights abuses by China because one Member State opposed it. I give this one example – I could give many others.

This is why today the Commission is proposing to move to qualified majority voting in specific areas of our external relations. I repeat the same message I gave last year. We shall be making proposals to handle certain areas of foreign policy – not all – using qualified majority.

This is possible on the basis of the current Treaties and I believe the time has come to make use of this ‘lost treasure’ of the Lisbon Treaty.

I also think, for that matter, that we should be able to decide on certain tax matters by qualified majority.

I would like to say a few words, Mr President, about the increasingly worrying way in which we air our disagreements. Heated exchanges amongst governments and sometimes institutions are becoming more and more common. But harsh or hurtful words will not get Europe anywhere.

What worries me is not only the tone used in political discourse. It is also true of the way some seek to shut down debate altogether by targeting media and journalists. Europe must always be a place where freedom of the press is sacrosanct. Too many of our journalists are intimidated, attacked, murdered. There is no democracy without a free press.

In general, ladies and gentlemen, we must do more to revive the lost art of compromise. Compromise is not a weakness. It does not mean sacrificing our convictions or stifling free debate that respects others’ points of view.
The Commission will resist all attacks on the rule of law. We continue to be very concerned by the developments in some of our Member States. **Article 7 must be applied whenever the rule of law is threatened.**

In this regard, I must say that First Vice-President Timmermans is doing a remarkable but often lonely – too often lonely – job of defending the rule of law. The whole Commission, and I personally, support him fully.

We must be very clear on one point: judgements from the Court of Justice must be respected and implemented. The European Union is a community of law. **Respecting the rule of law and abiding by Court decisions are not optional.**
CONCLUSION

Mr President,

Ladies and Gentlemen, and for many of you: dear friends,

I started this speech – my last State of the Union though surely not my last speech – by talking about history. I spoke of both the events that have marked this Commission’s time in office and of history writ large, the History of Europe.

We are all responsible for the Europe of today. And we must all take responsibility for the Europe of tomorrow.

Such is history: parliaments and Commissions come and go, Europe is here to stay. But for Europe to become what it must, we must keep several aspects in mind.

I want Europe to get off the side-lines of world affairs. Europe can no longer be a spectator or a mere commentator of international events. Europe must be an active player, an architect of tomorrow’s world.

There is strong demand for Europe throughout the world. To meet such high demand, Europe will have to speak with one voice on the world stage. In the concert of nations, Europe’s voice must ring clear in order to be heard. Federica Mogherini has made Europe’s diplomacy more coherent than it has ever been before. But let us never slide back into the incoherence of competing and parallel national diplomacies. Europe diplomacy must be conducted in the singular. And our solidarity must be all-embracing.

I want us to do more to bring together the East and West of Europe. It is time we put an end to the sorry spectacle of a divided Europe. Our continent and those who brought an end to the Cold War deserve better.

I would like the European Union to take better care of its social dimension. Those that ignore the legitimate concerns of workers and small businesses undermine European unity. It is time we turned the good intentions that we proclaimed at the Gothenburg Social Summit into law.

I would like next year’s elections to be a landmark for European democracy. I would like to see the Spitzenkandidaten (lead candidate) process – that small step forward for European democracy – repeated. For me, this process would be made all the more credible if we were to have transnational lists. I think that this should be done by 2024.

But above all, I would like us to reject unhealthy nationalism and embrace enlightened patriotism. We should never forget that the patriotism of the 21st Century is two-fold: both European and national, with one not excluding the other.

As the French philosophe Blaise Pascal said: I like things that go together. In order to stand on its own two feet, Europe must move forward as one. To love Europe, is it love its nations. To love your country is to love Europe. Patriotism is a virtue. Unchecked nationalism is riddled with both poison and deceit.

In short, we must remain true to ourselves.

The trees we plant today must provide shade for our great grand-children whether they hail from North or South, from East or West. To give them all they need to grow and breathe easily.

A few years ago, standing in this very same spot, I told you that Europe was the love of my life. I love Europe still and shall do so forever more.
Thank for your attention.

A few years ago in this very spot I told you that Europe was the great love of my life. Yes, I love Europe. And I will continue to do so.

Thank you for your attention.