



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:

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

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.
- Communication updating the 2012 Bio-economy Strategy.

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).**
- 4th State of the Energy Union Report.
- Report on the Strategic Action Plan on batteries.
- * 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.

Jean-Claude Juncker

Frans Timmermans