COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE EUROPEAN COUNCIL AND THE COUNCIL

Tenth progress report towards an effective and genuine Security Union
I. INTRODUCTION
This is the tenth monthly report on the progress made towards building an effective and genuine Security Union and covers developments under two main pillars: tackling terrorism and organised crime and the means that support them; and strengthening our defences and building resilience against those threats.

In recent weeks, Europe has once again been hit by a number of terrorist attacks. On 9 August 2017, a car was driven into a military patrol vehicle in Levallois-Perret, Paris and injured 6 soldiers. On 17 August 2017, in Barcelona, a van was used to kill 15 people and injure more than a hundred on Las Ramblas. On 18 August 2017, a man stabbed ten people in Turku, Finland and two of them died. On 25 August 2017, a man attacked soldiers with a knife in Brussels and injured two. On the same day, a man attacked policemen in front of Buckingham Palace in London with a sword. These attacks once again highlight the vital importance of fighting violent extremism and radicalisation and the challenge facing Member States both in thwarting and preventing such attacks and countering the radicalisation that fuels them.

Ahead of the State of the Union 2017 where President Juncker will set out the priorities for the next twelve months, this report looks back and reviews the progress made in the Security Union in implementing the priorities announced in the State of the Union 2016\(^1\) and the Commission Work Programme 2017\(^2\). This report also provides an update on the implementation of other priority files on security.

The Commission has taken firm action over the last year to enhance security at the external border, improve information exchange, close down the space in which terrorists operate and prevent radicalisation. All security-related priorities set by the State of the Union 2016 have been implemented, in line with the European Agenda on Security\(^3\). This has supported Member States in their efforts to address the threat posed by terrorism, organised crime and cybercrime. Still, more remains to be done. Building on the achievements made over the last year, work needs to continue in order to address today's security challenges, notably by making our information systems interoperable, preventing violent extremism and radicalisation, cutting off sources and channels of terrorist financing and improving cybersecurity.

II. TOWARDS AN EFFECTIVE AND GENUINE SECURITY UNION – ONE YEAR ON

1. Enhancing security at the external border

"We will defend our borders, as well, with strict controls, adopted by the end of the year, on everyone crossing them. Every time someone enters or exits the EU, there will be a record of when, where and why.

By November, we will propose a European travel information system — an automated system to determine who will be allowed to travel to Europe. This way we will know who is travelling to Europe before they even get here."

Commission President Jean-Claude Juncker, State of the Union 2016

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Over the last year, significant progress has been made to enhance security at the external borders. On 7 April 2017, the revision of the Schengen Borders Code entered into force providing for systematic checks against databases of all travellers crossing the external borders, including EU citizens. These systematic checks help to identify those travellers who pose a threat to security or are subject to an arrest warrant. In July 2017, the European Parliament and the Council reached political agreement on the EU Entry/Exit System as proposed by the Commission in April 2016. The System will register entry and exit data of non-EU nationals crossing the EU’s external borders and therefore contribute to enhancing external border management and internal security by improving the quality and efficiency of controls. Work is on-going with the co-legislators on the Commission proposal of November 2016 to establish a European Travel Information and Authorisation System (ETIAS). The system will gather information on persons who intend to travel visa-free to the EU so as to carry out irregular migration and security checks and identify possible risks prior to arrival. The Commission continues to work with the co-legislators to reach agreement on this proposal before the end of the year, in line with the Joint Declaration on the EU’s legislative priorities for 2017. As these instruments rely on secure travel and identity documents, the Commission also works on implementing measures against travel document and identity fraud set out in a December 2016 Action Plan.

2. Improving information exchange

"How many times have we heard stories over the last months that the information existed in one database in one country, but it never found its way to the authority in another that could have made the difference?

Border security also means that information and intelligence exchange must be prioritised. For this, we will reinforce Europol — our European agency supporting national law enforcement — by giving it better access to databases and more resources. A counterterrorism unit that currently has a staff of 60 people cannot provide the necessary 24/7 support."

Commission President Jean-Claude Juncker, State of the Union 2016

Behind the external borders, data is at the frontline of the defence. The work to improve the exchange of information has been a priority for the Commission over the last year, with action taken to implement the April 2016 Communication on stronger and smarter information systems for borders and security. First, to maximise the benefits of existing information systems, the Commission proposed legislation in December 2016 to strengthen the

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7 The Council adopted its negotiating position on 9 June 2017 while the vote in the European Parliament’s Committee on Civil Liberties, Justice and Home Affairs (LIBE) on its negotiating position is planned to take place on 26 September 2017.
Schengen Information System (SIS) as the most successful EU law enforcement tool, reinforced the support to Member States to implement the EU Passenger Name Records (PNR) Directive\textsuperscript{11} including through an implementation plan and additional funding of EUR 70 million, and pursued infringement action against those Member States that have not yet implemented the Prüm framework\textsuperscript{12} for the automated exchange of DNA, fingerprints and vehicle registration data. The work on better using existing systems is yielding results, as illustrated by the considerable increase in the consultations of the Schengen Information System and the number of hits they produced.\textsuperscript{13}

Second, the Commission took action to **address gaps in the EU’s architecture of data management**. In addition to the work on the EU Entry/Exit System and the European Travel Information and Authorisation System (ETIAS) mentioned above, the Commission presented in June 2017 a supplementary legislative proposal\textsuperscript{14} to facilitate the exchange of criminal records of third-country nationals in the EU through the European Criminal Records Information System (ECRIS).\textsuperscript{15} The system will help to identify convicted third-country nationals and indicate which Member States hold information on them. The proposed measures will address important information gaps and the Commission calls on the co-legislators to make swift progress on the related legislative proposals.

Third, to ensure that border guards and law enforcement officers have the necessary information at their disposal, the Commission is working towards the **interoperability of information systems**. Based on the findings of a high-level expert group, the Commission set out in May 2017\textsuperscript{16} a new approach to the management of data for borders and security where all centralised EU information systems for security, border and migration management are interoperable, in full respect of fundamental rights. The objective is to make necessary information available more quickly to frontline police, border guards and immigration officers, and to eliminate the current blind spots where terrorist and other criminals may be recorded in different, unconnected databases under different aliases. As part of this work, the Commission presented in June 2017 a legislative proposal\textsuperscript{17} to strengthen the mandate of eu-LISA\textsuperscript{18}, enabling the agency to ensure the technical implementation of the new approach.

**Europol**’s central role has further grown over the last year, making the law enforcement agency the genuine EU hub for information exchange on serious cross-border crime and

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\textsuperscript{11} Directive (EU) 2016/681 (27.4.2016).
\textsuperscript{13} The annual statistics for the Schengen Information System show that in 2016, Member States’ competent national authorities checked persons and objects against data held in the system on nearly 4 billion occasions, which means an increase of 40% compared to 2015. The number of hits increased accordingly, from around 150 000 in 2015 to more than 200 000 in 2016. In terms of alerts created by Member States, on 30 June 2017, there were a total of 73 465 075 alerts in the system (884 169 alerts on persons), which means an increase of 11% compared to 30 June 2016 (increase of 9% as regards alerts on persons).
\textsuperscript{14} COM(2017) 344 final (29.6.2017).
\textsuperscript{15} The initial proposal (COM(2016) 7 final, 19.1.2016) is part of the Joint Declaration on the EU’s legislative priorities for 2017.
\textsuperscript{18} European Agency for the operational management of large-scale IT systems in the area of freedom, security and justice.
terrorism. The new Europol Regulation entered into force on 1 May 2017, providing the agency with the tools to become more effective, efficient and accountable. In particular, a new framework for data processing enhances the agency's capacity to develop criminal analyses in support of Member States, and a more robust data protection framework ensures independent and effective data protection supervision. Works continues to integrate EU law enforcement databases further with Europol's information system and to make them interoperable. The Commission tabled proposals to upgrade Europol's access to the Schengen Information System, strengthen the governance of the European Counter Terrorism Centre, and maximise the benefits of co-operation with international partners. The Commission also encouraged interaction between the law enforcement community and the intelligence community, and the European Counter Terrorism Centre has established contacts with the Counter Terrorism Group. On the basis of a thorough needs assessment, Europol received 18 additional posts to fulfil its new tasks in the years 2017 to 2020, and the EU Budget 2017 reinforced the agency with 31 additional posts to enable it to provide 24/7 service and on-the-spot deployment capabilities, bringing the total number of posts at Europol to 550. In the draft EU Budget 2018, the Commission proposed a further reinforcement of Europol with 16 posts to strengthen its dedicated centres, the support provided by its Internet Referral Unit to remove terrorist content online and the efforts to fight against online fraud. Europol reports a steady increase in the contributions to its databases. Still, it is necessary that Member States participate fully in the European Counter Terrorism Centre, provide all relevant information to Europol for shared analysis and contribute to operational co-operation for Europol to tap the full potential of the support it can provide to national authorities.

3. Closing down the space in which terrorist operate

"That is why my Commission has prioritised security from day one — we criminalised terrorism and foreign fighters across the EU, we cracked down on the use of firearms and on terrorist financing. (…)"

Commission President Jean-Claude Juncker, State of the Union 2016

The EU took further action over the last year to close down the space in which terrorists operate. On 15 March 2017, the co-legislators adopted the Directive on combating terrorism that helps to prevent terrorist attacks by criminalising acts such as the financing of terrorism, undertaking training or travelling for terrorist purposes, as well as organising or facilitating such travel. The Directive also strengthens the rights of the victims of terrorism and provides for a catalogue of services to meet their specific needs. Member States must transpose the new rules into national law by 8 September 2018.

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19 Europol initiated more than 46 000 new cases in 2016, which means an increase of 16% compared to 2015. The content of the Europol Information System on 1 January 2017 increased by 34% compared to 1 January 2016, whereas the total number of searches in this system increased by 127% in 2016 compared to 2015.
23 The Counter Terrorism Group is an informal group outside the EU framework that gathers the security services of EU Member States, Norway and Switzerland to support cooperation and operational exchange of intelligence. It also produces joint terrorism threat assessments based on intelligence provided by national services and cooperates with the Intelligence and Situational Centre (EU INTCEN).
25 The European Counter Terrorism Centre, the European Cybercrime Centre and the European Migrant Smuggling Centre.
On 17 May 2017, the co-legislators adopted the revised Firearms Directive\(^{27}\) on the control of the acquisition and possession of weapons. The proposal significantly broadens the range of prohibited weapons taking the most dangerous weapons out of wider circulation. Member States must put in place by 14 September 2018 the required controls on the acquisition and possession of firearms to ensure that criminal groups and terrorists do not exploit fragmented rules across the Union. At the same time, efforts continued to choke off the supply of illegal weapons available to criminals and terrorists. In line with a call by the Commission\(^{28}\), the Council concluded on 18 May 2017 that illicit firearms trafficking remains a crime threat priority for the EU in the fight against serious and organised crime during the next four years.\(^{29}\) The Commission also continued to implement the December 2015 Action Plan against illicit trafficking in and use of firearms and explosives.\(^{30}\) In line with the Statement\(^{31}\) on enhancing the fight against illicit trafficking of firearms and ammunition in the Western Balkans that was agreed at the EU-Western Balkans Ministerial Forum on Justice and Home Affairs on 16 December 2016, Europol is currently preparing the deployment of Europol Guest Officers to Albania, Bosnia and Herzegovina and Serbia.

On 30 May 2017, the Commission launched the revision of the EU Regulation on explosives precursors\(^{32}\) in an effort to reinforce the restrictions and controls that apply to the chemical substances which can be misused towards the manufacturing of home-made explosives. A series of regional workshops involving Member State authorities is underway to enhance implementation at national level and to ensure relevant exchange of information.

Previous and recent terrorist attacks, such as those in Barcelona and Manchester, have shown a focus on so-called soft targets, which are public areas such as schools, hotels, beaches, shopping malls, cultural and sports events, crowded areas, or transport hubs. The Commission has increased its efforts in this field to provide a forum for sharing of information and best practices between Member States. A first EU workshop on soft target protection was organised on 6-7 February 2017, where several policy strands and actions were agreed with Member States. The Commission also set up a platform for Member States to exchange documents and guidance materials as well as a soft target protection vulnerability checklist. A soft target crisis exercise involving Belgium and the Netherlands took place on 29 June 2017, funded by the Commission, in order to test different approaches to soft target protection.

In the field of transport security the EU has developed a common risk assessment process to improve the security of civil aviation flying over conflict zones, air cargo and passenger incoming flights from third countries. As this latter is concerned, this will be complemented by a capacity-building effort in third countries.

Work continued over the last year in implementing the Action Plan on terrorist financing\(^{33}\) to detect and prevent terrorist funding, notably on the basis of legislative proposals presented

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\(^{28}\) See the Sixth progress report towards an effective and genuine Security Union (COM(2017) 213 final, 12.4.2017).

\(^{29}\) Council conclusions on setting the EU’s priorities for the fight against organised and serious international crime between 2018 and 2021 (Council document 9450/17, 19.5.2017).


\(^{33}\) COM(2016) 50 final (2.2.2016).
by the Commission.\textsuperscript{34} In December 2016,\textsuperscript{35} the Commission put forward three legislative proposals to complete and reinforce the EU legal framework in the areas of money laundering\textsuperscript{36}, illicit cash flows\textsuperscript{37} and freezing and confiscation of assets.\textsuperscript{38} Already in July 2016, the Commission proposed amendments to the 4\textsuperscript{th} Anti-money Laundering Directive to tackle new means of terrorist financing (e.g. virtual currencies, pre-paid cards) and increase transparency to combat money laundering.\textsuperscript{39} The latest proposal to counter terrorist financing followed on 13 July 2017 when the Commission proposed a Regulation to prevent the import and storage in the EU of cultural goods illicitly exported from a third country.\textsuperscript{40} The Commission calls on the co-legislators swiftly to advance the work on these important proposals.

In May 2017, the Commission adopted a Recommendation on proportionate police checks and police cooperation in the Schengen area\textsuperscript{41} setting out measures Schengen States should take to provide for a more effective use of existing police powers to address threats to public policy or internal security. To support the implementation of its recommendation, the Commission organised a workshop with Member States on 10 July 2017, to be followed by a second workshop on 8 September 2017.

4. Preventing radicalisation

"That is why my Commission has prioritised security from day one — (...) we worked with internet companies to get terrorist propaganda offline and we fought radicalisation in Europe’s schools and prisons."

Commission President Jean-Claude Juncker, State of the Union 2016

The most effective counter-terrorism policy is preventing persons from being seduced by messages of violence and terror. Over the last year, the Commission has stepped up its support to related action by Member States at national and local level, implementing the actions set out in the June 2016 Communication on supporting the prevention of radicalisation leading to violent extremism.\textsuperscript{42}

To counter radicalisation online, the Commission has continued working over the last year with internet platforms to address terrorists' exploitation of the internet and protect online

\textsuperscript{34} See the Eighth progress report towards an effective and genuine Security Union (COM(2017) 354 final, 29.6.2017) and its Annex 2 on the state of play of implementing the Action Plan for strengthening the fight against terrorist financing.


\textsuperscript{39} COM(2016) 450 final (5.7.2016). See the Ninth progress report towards an effective and genuine Security Union (COM(2017) 407 final, 26.7.2017) for a description of the legislative proposal. It is part of the Joint Declaration on the EU's legislative priorities for 2017 and the co-legislators should therefore reach agreement before the end of the year. Trilogue meetings are on-going.

\textsuperscript{40} COM(2017) 375 final (13.7.2017).

\textsuperscript{41} C(2017) 3349 final (12.5.2017).

users. The EU Internet Forum has two key objectives: to reduce accessibility to terrorist content online and to empower civil society partners to increase the volume of effective, alternative narratives online. Under that first objective, the EU Internet Referral Unit at Europol continues to play an important role in flagging terrorist content to the internet companies. In just over two years, over 35,000 items have been referred, of which between 80-90% have been removed. However, it is clear that a reactive response alone will not suffice in effectively disrupting the dissemination of online terrorist material. Therefore, at the second high-level meeting of the EU Internet Forum in December 2016, the Commission welcomed the commitment by four of the largest companies to create a 'database of hashes' which will prevent terrorist material removed from one platform of being re-uploaded onto another. Following the calls of the Taormina G7 Summit statement, the G20 Action plan on terrorism and the June 2017 European Council Conclusions, the members of the EU Internet Forum set out on 17 July 2017 an Action Plan to combat terrorist content online. This includes measures to step up the automated detection of illegal terrorist content online, share related technology and tools with smaller companies, achieve the full implementation and use of the database of hashes and empower civil society on alternative narrative. As announced at the EU Internet Forum in December 2016, the Civil Society Empowerment Programme (CSEP) has now been launched, with a financial endowment of EUR 10 million from the Commission and to help increase the volume of effective, alternative narratives online.

In more general terms, the Commission continued to support prevention and counter-radicalisation at national and local level over the last year, notably through the Radicalisation Awareness Network (RAN) working with local practitioners at community level. The network has offered training and advice to Member States, and developed a large number of best practices, guidelines, handbooks and recommendations. Themes and issues covered include polarisation, prison radicalisation and exit programmes, family support measures, youth work and education, community policing, communication and narratives, engagement and empowerment of young people, responses to returnees.

On 27 July 2017, the Commission set up a High-Level Expert Group on Radicalisation, which involves the main stakeholders at European and national level. The group's task include elaborating a set of guiding principles and recommendations for further work in this area at both Union and national level, and assessing whether more structured co-operation mechanisms for radicalisation prevention work at EU level are required.

5. Ongoing work

The comprehensive assessment of EU security policy identifies challenges and gaps for the effective cooperation in the Security Union and points to the need further to develop and adjust existing policies and tools in order to address the rapidly evolving security threats and challenges.

The work towards the interoperability of information systems is being taken forward as a matter of priority, following the Council conclusions on interoperability of June 2017 and the European Council conclusions of June 2017. The Commission published an inception impact assessment in July 2017. A broader public consultation is ongoing until mid-October 2017. On that basis, the Commission will present a legislative proposal as soon as possible.

43 Most recently, on 19 June 2017, the network presented a “Responses to Returnees” manual to support Member States in addressing the challenges posed by returning Foreign Terrorist Fighters.
Countering radicalisation also remains a priority. The Commission is accelerating its work in this field notably through the High-Level Expert Group on Radicalisation. The group will present its interim findings before the end of 2017. As regards preventing online radicalisation, senior officials of the EU Internet Forum will take stock of the implementation of the July 2017 Action Plan later in September 2017 in order to prepare the third EU Internet Forum in December 2017. The Commission will also work closely with the newly launched Global Internet Forum to Counter Terrorism that complements the efforts undertaken in the EU Internet Forum.

The Commission in its work to ensure a European response to terrorist financing is implementing the actions set out in the Action Plan of 2 February 2016. This includes assessing measures to improve access to central bank account registers and to restrict on payments in cash. Another key aspect of this work is the assessment of a possible European system to track terrorist-related transactions which would complement the existing EU-US Terrorist Finance Tracking Programme (TFTP) agreement by tracing transactions excluded under that agreement. In the Third progress report towards an effective and genuine Security Union of December 2016, the Commission set out its initial analysis of the possible setting up of a European Terrorist Financing Tracking System, announcing that it would continue its assessment. The Commission's supranational assessment of terrorist financing risks published on 27 June 2017 confirmed that terrorists and criminals try to use the financial sector for their activities, for example through fraudulent application of consumer's credit and low value loans. Financial intelligence units (FIUs) are in a central position to address challenges relating to money laundering and terrorist financing. They are responsible for receiving and analysing information and disseminate the results of their analysis to competent authorities. However, as highlighted in a report of December 2016, considerable differences in FIUs' status, powers in accessing, sharing and using information, organisation and level of autonomy may negatively impact their capacity to cooperate amongst themselves and with other relevant authorities. The June 2017 Commission Staff Working Document on improving cooperation between financial intelligence units identifies both regulatory and non-regulatory measures that would help tackle the difficulties identified. The Commission will further assess these measures, in discussions with experts from national FIUs, law enforcement and judicial authorities. The Commission will report on its findings in one of the next Security Union progress reports.

Work needs to continue to restrict access to dangerous substances that can be used as explosives by terrorist networks. Home made-explosives have been the most common type of explosives used in recent attacks, in particular triacetone triperoxide (TATP). As announced in the recent Report on the application of the Regulation on explosives precursors, the

\[\text{Reference: COM (2017) 50 final (2.2.2016).}\]


\[\text{Reference: } \text{OJ L 195/5-14 (27.7.2010). The Terrorist Finance Tracking Programme (TFTP) has generated significant intelligence that has helped detect terrorist plots and trace their authors. The related agreement on the exchange of financial information ensures protection of EU citizens' privacy and gives the U.S. and EU law enforcement authorities a powerful tool in the fight against terrorism.}\]


\[\text{"Mapping Exercise and Gap Analysis on FIUs' Powers and Obstacles for Obtaining and Exchanging Information" prepared by a project team of Member States in the context of the EU FIU Platform} \text{(http://ec.europa.eu/transparency/regexpert/index.cfm?do=groupDetail.groupDetailDoc&id=33583&no=2).}\]

\[\text{Reference: SWD(2017) 275 final (26 June 2017).}\]

\[\text{Reference: EU Terrorism Situation and Trend Report 2017, Europol.}\]

\[\text{Reference: COM(2017) 103 final (28.2.2017).}\]
Commission is examining possible additional and reinforced measures to prevent terrorists from acquiring explosives.

In strengthening the **protection of soft targets**, the newly established EU soft target policy group will meet for the first time on 18-19 September 2017, supported by two sub-groups with practitioners and operators including private stakeholder. Within the practitioners group, a network for the protection of high risk soft targets has been created and the first meeting will take place in Spain on 24-26 October 2017.

As announced in January 2017\(^{55}\), the Commission is developing guidance as to how national **data retention** laws can be constructed in conformity with the rulings of the Court of Justice of the European Union.

### III. IMPLEMENTATION OF OTHER PRIORITY FILES ON SECURITY

#### 1. Legislative initiatives

Work is on-going on the Commission's legislative proposals\(^{56}\) to **strengthen the Schengen Information System** (SIS). The last discussion at Council working group level took place on 26 July 2017, and the Estonian Council Presidency seeks to reach a negotiating mandate by October 2017. In the European Parliament, the rapporteurs presented their draft report in June 2017 and the Committee on Civil Liberties, Justice and Home Affairs (LIBE) is set to vote on its negotiating mandate on 11/12 October 2017. The Commission calls on the co-legislators to reach agreement on these important proposals before the end of 2017 as part of the interoperability agenda set out in the Seventh progress report towards an effective and genuine Security Union.\(^{57}\)

#### 2. Non-legislative initiatives

In the area of **transport security**, and to complement the work done with Member States at EU level to improve the security of civil aviation, the Commission has launched work on risk assessments for other modes of transport to identify gaps and possible measures to mitigate the risks identified. At a meeting held on 15 June 2017, the Commission services discussed with Member States the threat situation with regard to rail transport and ways to reinforce cooperation to help addressing this threat. The next meeting will take place in October 2017.

As part of the **fight against cyber-crime**, the one-year anniversary of the **No More Ransom initiative** on 25 July 2017 marked its further expansion with new partners, tools, and languages.\(^{58}\) Established in 2016, **No More Ransom** is a public-private initiative to combat ransomware and is supported by Europol. It assists victims of ransomware by providing more than 50 different decryption tools on the portal, currently 26 different languages. This has led to more than 28 000 successful decryptions since its launch, depriving cyber criminals of an estimated EUR 8 million in ransom. The initiative offers an innovative co-operation model using effective and concrete public-private partnership to tackle cybercrime. The initiative has grown to more than 100 partners, including seven associated partners and 98 supporting

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partners (34 law enforcement agencies and 64 organisations from the private and public sector).

Months of international preparation and co-ordination led to the successful **takedown of two of the largest criminal Dark Web markets, AlphaBay and Hansa**. This is expected to initiate hundreds of new investigations in Europe. Two major law enforcement operations, led by the US Federal Bureau of Investigation, the US Drug Enforcement Agency and the Dutch National Police, with the support of Europol, shut down the infrastructure of an underground criminal economy responsible for the trading of over 350,000 illicit commodities including drugs, firearms and cybercrime malware. The co-ordinated law enforcement action in the EU and the US ranks as one of the most sophisticated takedown operations seen in the fight against criminal activities online.

3. **External dimension**

On 26 July 2017, the Court of Justice of the European Union delivered its opinion on the compatibility of the **agreement between the EU and Canada on the transfer and processing of passenger name record (PNR) data** with the Treaties. The answer given by the Court to the European Parliament’s request is that the envisaged agreement may not be concluded in its current form because several of its provisions are incompatible with the fundamental rights recognised by the EU, in particular the right to data protection and respect for private life. While the Court observed that the transfer of PNR data from the EU to Canada and the interference it entails with these fundamental rights are justified to ensure public security in the context of the fight against terrorist offences and serious transnational crime the Court considered that several provisions of the envisaged agreement are not limited to what is strictly necessary and do not lay down clear and sufficiently precise rules.

Given that the use of PNR data is an important tool to fight terrorism and serious transnational crime, the Commission will take the necessary steps to ensure continuation of PNR data transfers in full respect of fundamental rights in compliance with the Court's Opinion. The Commission is completing its analysis of the Court’s Opinion and will soon seek a mandate from the Council to launch talks with Canada to revise the existing agreement so as to bring it swiftly in line with the requirements set out in the Court's Opinion.

**V. CONCLUSION**

This report takes stock of the progress made in building the Security Union over the last year. It illustrates how all security-related priorities set by the State of the Union 2016 and the Commission Work Programme 2017 have been implemented. This work provides the basis for further concerted action with the European Parliament and the Council in the year ahead to address the current security threats and challenges, in line with the priorities that will be set in the State of the Union 2017.

The next Security Union progress report will be presented in October 2017.

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