

December 2015

## Outlook for the European Council of 17-18 December 2015

At the 17-18 December 2015 meeting of the European Council, EU Heads of State or Government will discuss the migration crisis, the fight against terrorism, Economic and Monetary Union, the Internal Market, the Energy Union and the United Kingdom's renegotiation of its EU membership. On many of these issues, EU leaders will assess the implementation of their decisions from previous European Council meetings. It will be the first substantial discussion on the United Kingdom's proposals for changes in the operation of the Union.

### 1. Fight against terrorism

The fight against terrorism was added to the [European Council's agenda](#) following the terrorist attacks in Paris on 13 November 2015. Heads of State or Government will examine the follow-up to the measures agreed at the [informal European Council on 12 February 2015](#) and assess the implementation of the [European Agenda on Security](#). On the basis of recent [Justice and Home Affairs Council](#) conclusions, EU leaders are expected to call for the rapid implementation of the measures agreed upon, and stress the need to increase information sharing between Member States and their respective security services. The importance of strengthening cooperation with international partners, such as the United States, for a more coherent approach to counter-terrorism is also likely to be highlighted. The European Council will also address the prevention of radicalisation and violent extremism, the strengthening of external border controls and terrorist financing.

Since the discussion at the 12 February 2015 European Council, the European Commission has proposed a Directive on the [prevention of the use of the financial system for the purposes of money laundering or terrorist financing](#), a Directive on [control of the acquisition and possession of weapons](#), a Directive on [combating terrorism](#), and an action plan [against illicit trafficking in and use of firearms and explosives](#).

In their 12 February 2015 [statement](#), EU Heads of State or Government also called upon EU legislators to urgently adopt the Directive on [European Passenger Name Records](#) (PNR). On 4 December 2015, Council [approved the compromise text](#) proposed by the European Parliament, which was [endorsed](#) by the LIBE Committee on 10 December 2015 and will be voted on during Parliament's February 2016 plenary session.

### 2. Migration

The European Council will [take stock](#) of the implementation of its decisions taken earlier this year in response to the 'migration and refugee crisis', particularly the [outcome of the European Council of 15 October 2015](#). In line with recent statements from the [Commission](#) and the [Council Presidency](#), Heads of State or Government are expected to deplore the insufficient [level of implementation](#) of some of the decisions taken by the European Council, and call upon all Member States to expedite these measures. For example, the agreement of the [Extraordinary European Council of 23 September 2015](#) to set up 'hotspots' in frontline Member States by November 2015 has not been achieved. Similarly, out of the 160 000 people in clear need of international protection and subject to relocation plans; only [around 100 have been relocated so far](#).

EU leaders will also stress the importance of ensuring [returns](#), adhering to [readmission agreements](#), speeding up [relocations](#), [managing external borders](#), establishing further hotspots, [ensuring registration](#) and providing sufficient expertise and resources to both EASO and [Frontex](#).

Furthermore, EU leaders are expected to address the Commission proposals – expected by 15 December 2015 – on a European Border and Coast Guard System and the resettlement in the EU of refugees currently in Turkey. Prior to the European Council meeting, Germany, Belgium, Luxembourg, France, the Netherlands and Sweden [will meet](#) with the Commission and Turkey to discuss the proposal on resettlement. Turkey's Prime Minister, Ahmet Davutoğlu, will attend the first day of the European Council to review the latest developments. The follow up on the outcomes of the recent [Western Balkans route conference](#), the [Valletta summit](#) and the meeting of [Heads of State or Government with Turkey](#) will also be examined.

The Parliament adopted a resolution on the special report of the [European Ombudsman on Frontex](#), the EU border agency, on 2 December 2015, which includes recommendations on how Frontex may better protect refugees' fundamental rights. Greece activated the [EU Civil Protection Mechanism](#), as well as the [Rapid Border Intervention Teams Mechanism](#), on 3 December 2015. While the former aims to provide Greece with material support to help cope with the influx of refugees and asylum seekers in the country, the latter will provide immediate border-guard support on Greece's external border in the Aegean Islands. Regarding the Schengen area, Justice and Home Affairs Ministers are united on the [need for more consultation](#) between Member States before any temporary reintroduction of internal border controls. Ministers also [agreed](#) that 'in the case of persistent serious deficiencies relating to external border controls, the Commission should consider presenting a proposal for a Council recommendation, in accordance with article 26 of the Schengen Borders Code, to extend the period of reintroduction of internal border control to a total maximum of two years'. Both Slovakia and Hungary followed up on their previous announcement and recently [challenged](#) the decision on the emergency relocation mechanism before the European Court of Justice.

### 3. Economic and Monetary Union

Following the presentation of the [Five Presidents' report](#) at the [June 2015 European Council](#), and in line with the [European Council Conclusions of October 2015](#), EU leaders are expected to discuss the deepening of the Economic and Monetary Union (EMU) and to call on relevant stakeholders to make swift progress in this regard.

Since the previous European Council meeting, the Commission tabled a package of measures in line with Stage 1 of the Five Presidents' report ('Deepening by Doing') in late October 2015. The package introduces a [revised economic governance framework](#), including the establishment of [National Competitiveness Boards](#) within the euro area and an [independent advisory European Fiscal Board](#). The former will aim to monitor competitiveness developments across the euro area, while the latter will mainly assess the implementation of the EU's fiscal framework and make recommendations for an appropriate fiscal stance to be adopted for the euro area as a whole.

At the same time, the Commission has continued to fine-tune the European Semester after a first attempt at streamlining the process last year. Further emphasis is placed on the social and employment dimensions of the Semester. Alongside the publication of the [2016 Annual Growth Survey](#) – which, similarly to last year, continues to focus on a three-pillar strategy based on growth-friendly fiscal consolidation, boosting investment and the implementation of structural reforms – the Commission decided for the first time to issue [euro area recommendations](#) in late November, instead of in May. This shift aims to provide greater visibility on euro area issues and challenges, and highlight the shared responsibilities of participating Member States.

Additionally, a [proposal](#) to strengthen the euro area's external representation at the International Monetary Fund (IMF) was tabled. Unified euro area representation and a single seat at the IMF would reinforce the role played by the euro area in talks about future international economic and financing frameworks. It would also help defend the common interests of the euro area at global level.

With a view to completing the banking union, in late November 2015, the Commission also [proposed](#) the establishment of a European Deposit Insurance Scheme (EDIS), which would help prevent capital flight and deposit outflows. The Commission's legislative proposal entails a three-step approach in line with the Five Presidents' report: re-insurance, co-insurance and, ultimately, full insurance as of 2024. The Council will be requested to analyse these proposals and report on progress made by mid-2016.

## 4. Internal Market

The European Council will most likely reiterate its calls for greater efforts to complete the single market in goods and services. Although it is the cornerstone of EU competitiveness, the [Single Market](#) is not living up to its full potential due to a lack of implementation of existing rules, inconsistencies in their enforcement and the existence of diverging legal frameworks in the Member States.

The Commission communication '[Upgrading the Single Market: more opportunities for people and business](#)', unveiled on 28 October 2015, seeks to deliver a deeper and fairer Single Market. It includes a roadmap for legislative and non-legislative initiatives to be presented in 2016-2017. The strategy received widespread support among national ministers in the [Competitiveness Council of 30 November-1 December 2015](#). EU leaders are likely to insist on an accelerated implementation of the [Digital Single Market Strategy](#), launched by the Commission in May 2015 and endorsed by the [European Council in June 2015](#). Finally, they are expected to call on Parliament and Council to agree rapidly on early actions for implementing the Commission's [Action Plan on the Capital Markets Union](#) presented in late September 2015, including on the Commission's [Securitisation package](#), on which Council already reached an agreement on 8 December 2015.

## 5. An Energy Union with a forward-looking climate policy

Heads of State or Government reserved the option to return to the 2030 target after the Paris Climate Change Conference, and therefore the European Council is likely to address the outcome of the Paris Conference, where world leaders have gathered from 30 November to 11 December 2015 to reach a new global climate change agreement in the context of the [UN Framework Convention on Climate Change](#). The EU's objective is an ambitious, legally binding global agreement with a strong transparency framework and stimulating global transition towards a low-carbon economy. The [intended climate actions](#) pledged by the EU and its Member States are based on the [2030 Climate and Energy Policy Framework](#).

Although not mentioned in the [draft annotated agenda](#), the European Council is also expected to assess progress made in [building the Energy Union](#), with a focus on the internal energy market, research and innovation and [energy efficiency](#). The first annual [State of the Energy Union Report](#) was published by the Commission on 18 November 2015 and [takes stock](#) of progress made to date and future challenges relevant to all [five dimensions of the Energy Union](#).

According to [news sources](#), EU leaders may also address the [Nord Stream 2 gas pipeline](#) project between Russia and Germany (which has recently been the subject of conflicting opinions among Member States), as nine Member States have asked for the issue to be included on the agenda of the forthcoming European Council meeting.

## 6. UK membership of the EU

EU leaders will hold a discussion on the United Kingdom's demand for various changes in its membership of the Union, and of operations of the EU more generally. Following a commitment made at the [European Council of 15 October 2015](#), UK Prime Minister David Cameron recently outlined, by letter, [the United Kingdom's priorities for reform](#) in four key areas: economic governance, competitiveness, sovereignty and immigration. The UK Government is looking for assurances that non-euro area members will be treated as equal to euro area members; that competitiveness is boosted by reducing regulatory burdens; that Britain is exempted from 'ever-closer union', with national parliaments having a stronger role in the EU legislative process; and, finally, for the limitation of certain aspects of the principle of free movement for EU migrants.

In response to Mr Cameron's letter, European Council President Donald Tusk has given his initial [assessment](#) of the UK's proposals. Regarding economic governance, Tusk believes a set of principles can be found which will allow the euro area to develop further without discriminating against Member States who are not members, perhaps through a procedure where non-euro area countries can express their concerns without turning this into a veto right. On competitiveness, he believes there is overall agreement on the need to have better regulation, to reduce burdens on business, and to reaffirm the importance of trade for the EU. On sovereignty, he argues that the principle of an 'ever closer union' is sufficiently flexible to accommodate different paths of integration for the various Member States. Mr

Tusk also stressed that the EU shares the UK's view on the importance of national parliaments within the Union and, particularly the importance of the principle of subsidiarity. The most delicate issue is the question of 'in-work' social benefits and free movement of people. Whilst welcoming the intention to fight abuse of the system, Tusk sees no consensus on the United Kingdom proposal to limit social benefits for EU citizens to those who have been working in the United Kingdom for at least four years. As the adoption of a final package in these fields is currently envisaged for the 18-19 February 2016 European Council, there is likely only to be a general discussion of these topics.

## 7. Other topics

Heads of State or Government could consider the situation in Ukraine and relations with Russia in the context of the renewal of sanctions against the latter, which are set to expire in early January 2016. Similar discussions last took place at the level of the [Foreign Affairs Council](#) in June 2015. However, the Italian Prime Minister, Matteo Renzi, recently [signalled](#) Italy's interest in potentially raising this issue at European Council level.

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