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# The European Commission at mid-term

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State of play of  
President Juncker's  
ten priorities

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## IN-DEPTH ANALYSIS

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This publication provides an overview of the work carried out by the European Commission at the mid-term of its mandate under Jean-Claude Juncker's presidency, and more specifically an update of the initiatives taken in the framework of the ten priority areas for action.

The in-depth analysis draws on a wide range of EPRS publications, and updates a previous edition [The Juncker Commission's ten priorities: state of play at the start of 2017](#), published in January 2017. It has been compiled and edited by Isabelle Gaudeul-Ehrhart, with contributions and support from across the Members' Research Service and the Directorate for Impact Assessment and European Added Value of EPRS, in particular from the following policy analysts: Piotr Bakowski, Angelos Delivorias, Gregor Erbach, Elena Lazarou, Tambiana Madiaga, Shara Monteleone, Anita Orav, Laura Puccio, Christian Scheinert, Andrej Stuchlik, Marcin Szczepanski, Laura Tilindyte and Sofija Voronova. The graphics are by Giulio Sabbati, and are derived from the '[Legislative Train Schedule](#)' application, recently launched by Parliament to track progress on the Commission's legislative proposals.

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## EXECUTIVE SUMMARY

At a time when, more than ever, citizens expect the European Union institutions to address their concerns and deliver on promises and commitments made, this analysis provides an overview of the work carried out by the European Commission at the mid-term of its current mandate, notably in the context of its ten priority fields of action. It reviews what the Commission has delivered, compared with what it committed to doing before it received the European Parliament's vote of consent and took office two and a half years ago. In so doing, this study seeks to provide an independent, objective and authoritative tool for Members of the European Parliament and the wider public to assess the performance to date of the current Commission.

The analysis reveals that overall, at the mid-term of its mandate, the College has delivered more than eight out of ten initiatives announced, of which approximately two fifths have reached the final stage, thus showing that the European institutions are collectively delivering. This average of course covers a variety of situations: in some of the priority areas, almost all of the originally announced initiatives have already been presented. Some, such as the connected digital single market, for example, have made significant progress; others less so, as is the case for negotiations on a free trade agreement with the United States. In yet other areas, such as justice and fundamental rights, or jobs, growth and investment, gaps still remain.

This analysis is both exhaustive – as it covers all the ten priority areas the Commission set itself – and selective – as it focuses, for each priority, on the main legislative proposals or initiatives and on the latest developments.

It aims to be both quantitative and qualitative: for each of the ten chapters, covering one of the ten priorities, it offers a qualitative overview prepared by the European Parliamentary Research Service's in-house experts, complemented by a quantitative graphic providing a snapshot of initiatives at the key stages, from 'requested by the European Parliament' and/or 'announced by the Commission', to 'submitted to the co-legislators', 'under negotiation', 'close to adoption', 'adopted' or, in a few cases, 'blocked' or 'withdrawn'. These snapshots are regularly updated on the 'Legislative Train Schedule' application on the European Parliament's website.

Finally, the analysis is timely, as it comes, updated as of the end of June 2017, at the mid-term of the Juncker Commission's mandate and just two months before the 2017 State of the Union speech to be delivered by the President of the European Commission to the European Parliament, during its September 2017 plenary session.

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European Parliamentary Research Service (EPRS)

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### Terminology used in this analysis

**Legislation requested by the European Parliament:** European Parliament legislative initiative reports in the policy fields covered by the Juncker Commission's ten priorities.

**Initiatives expected:** Legislative proposals and to a lesser extent initiatives such as communications and action plans, announced by the European Commission in its annual Work Programme or State of the Union address.

**Initiatives submitted:** European Commission initiatives that have been tabled and on which the co-legislators have begun working.

**Legislation close to adoption:** Legislative proposals close to finalisation (for example, when agreement is reached at trilogue level).

**Legislation blocked or slow:** Initiative blocked by an institution or under negotiation for more than two years; or announced legislative initiatives or legislative proposals by the European Commission with no follow-up for more than nine months.

**Legislation adopted:** Legislative proposals finalised and adopted by the two co-legislators: the European Parliament and the Council of the European Union.

**Legislation withdrawn:** Legislative proposal withdrawn by the European Commission.



## 1. Introduction

At the mid-term of the Juncker Commission's mandate, this in-depth analysis looks in detail at the state-of-play of the legislative proposals put forward by the European Commission since it took office in November 2014. It reviews what the Commission has delivered so far, assessing what has been presented compared to what has been announced, and examining what the EU institutions have been – or have not been – able to collectively enact. It also addresses how unexpected events, inside and outside the European Union (EU), have shaped the Commission's agenda, and assesses the added value of new interinstitutional arrangements designed to improve the quality of the EU's law-making.

### *Setting ten priorities*

Prior to his election as President of the European Commission in July 2014, Jean-Claude Juncker set out the policy priorities which would serve as the political mandate for his five-year term in office. With the stated aim of focusing on the 'big things', he outlined the following ten key areas in which he wanted the EU to make a difference and deliver concrete results for citizens:

1. A new boost for jobs, growth and investment
2. A connected digital single market
3. A resilient energy union with a forward-looking climate change policy
4. A deeper and fairer internal market with a strengthened industrial base
5. A deeper and fairer economic and monetary union (EMU)
6. A reasonable and balanced free trade agreement with the United States
7. An area of justice and fundamental rights based on mutual trust
8. Towards a new policy on migration
9. Europe as a stronger global actor
10. A union of democratic change.

### *Acting as expected and reacting to the unexpected*

Our analysis and monitoring of the progress of these ten priorities reveal that for every ten proposals announced, on average, eight have been presented and are being discussed or have already been adopted at the mid-term of the Juncker Commission's mandate. Progress varies according to the priorities. While delivery on the energy union had been slow, for example, the first half of 2017 saw some progress made at various stages, with several initiatives tabled, agreements reached in trilogue, and pieces of legislation adopted. Under other priorities, a high proportion of promised initiatives had already been presented, such as under the digital single market or, even if currently blocked, the free trade agreement with the United States.

The analysis and monitoring exercise also takes into account the fact that, in several priority areas, internal or external events imposed an adjustment of the political agenda: on migration (priority 8) or terrorism (priority 7), the urgency of the situation required a swift reaction, with additional initiatives delivered within tight timeframes. In other areas, progress has stalled due to external events, such as the impact of the US presidential election on negotiations on a transatlantic free trade agreement (priority 6).

To take account of these new elements, the additional legislative proposals and political initiatives contained in the Commission's annual work programmes – presented each autumn to the Parliament – refer to the initial 10 priorities.

### *New interinstitutional rules and practices*

As the European institutions face difficult times and numerous crises, being well equipped and operating by the rules is essential. After signing a new Interinstitutional Agreement on Better Law-Making in 2016, the three institutions involved in the legislative process (the European Parliament, the Council of the European Union and the European Commission) agreed on a Joint declaration on the legislative priorities for 2017. In this, they committed to making progress on specific legislative proposals, and where possible ensuring their adoption before the end of 2017. This approach appears to be bearing fruit. Of the 59 priorities identified, 32 have progressed and moved to a further stage since January 2017. This is to be read in a context in which, in the current parliamentary term, three procedures in four are adopted at first reading, taking an average 16 months, and almost a quarter at second reading in the European Parliament (i.e. with Parliament approving the amendments made by the Council in first reading), taking 36 months on average. Only a few proposals reach second reading in the Council (i.e. requiring an additional step before the two institutions agree, the Council approving all Parliament's amendments after the second reading in the Parliament), with the whole process then taking 39 months on average.



Our research has been designed for both complete and selective reading: the various chapters can be read separately and in any order. To go deeper, hyperlinks lead to more specific websites and pages. A section on main references gathers useful sources, including the previous editions of this biennial publication, which tell the story from 2014 onwards. And important issues which do not fall under one of the ten priorities – such as Brexit – are extensively covered in other EPRS publications available on the EP Think Tank.

Detailed EPRS material on specific legislative files referred to below can be found on the [EP Think Tank](#). In addition, the latest state of play on individual initiatives falling under the ten priorities can be monitored via the regularly updated [Legislative Train Schedule](#) application on Parliament's website.

## 2. Main developments in the implementation of the ten political guidelines

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

The first priority of the 2014 [political guidelines](#), concerning 'jobs, growth and investment', encompasses two main policy areas: the [investment plan for Europe](#), put forward in November 2014, and the [circular economy package](#), mainly proposed in December 2015 with an update in 2017, as well as a host of other measures.

#### *The investment plan*

The purpose of the European Commission's investment plan is to mobilise and support investment. This is achieved mainly through the European Fund for Strategic Investment (EFSI) proposed in January 2015, but also through initiatives such as the [digital single market](#), the [energy union](#) and the [capital markets union](#) (see priorities 2, 3, and 4).

Designed to overcome current market failures by addressing market gaps and mobilising private investment, EFSI supports strategic investment projects. Originally endowed with €16 billion in guarantees from the European Union (EU) budget and €5 billion from the European Investment Bank (EIB), [EFSI](#) was set up within existing EIB group structures. It aims at [encouraging](#) private investors to participate in new investment projects focused on developing infrastructure and innovation – managed by the EIB – and on providing support for small and medium-sized enterprises (SMEs) – managed by the European Investment Fund (EIF). By taking on part of the risk through a first-loss liability, EFSI was to allow more than €315 billion of additional investment to be mobilised during a three-year investment period, thereby helping create [2.1 million jobs](#). To that end, the EU's budget included €2 billion in commitments for EFSI in [2016](#) and €2.7 billion in [2017](#).

As of May 2017, EFSI had triggered [€194 billion](#) in investments in 27 Member States, mainly in the areas of SMEs, energy and research, development and innovation; these positive trends in investment, already visible in summer 2016, encouraged the Commission to [propose](#), on 14 September 2016, to double the duration of the fund (until 2020) and increase its financial capacity to €500 billion of investments, by increasing the guarantees to €26 billion and the EIB contribution to €7.5 billion.

#### *Towards a circular economy*

The [package on the circular economy](#) is meant to contribute to enhancing EU industry sustainability and competitiveness, to fostering sustainable economic growth, and to generating new jobs. This would be achieved by preserving resources (and thus saving costs), by helping businesses to make and export clean products and services around the globe, and by creating local low- and high-skilled jobs, as well as opportunities for social integration and cohesion. It is [estimated](#) that the transition would increase GDP by one to seven percentage points by 2030, depending on whether a higher pace of technological change is taken into account. Moving to a circular economy would also have an overall positive impact on employment, although jobs in specific sectors could be threatened. Over €650 million in funding was planned for the package under Horizon 2020, as well as €5.5 billion under the structural funds. The package was originally composed of proposals for four directives on [waste](#), on [packaging waste](#), on [landfill of waste](#) and on [electrical and electronic waste](#), and for one regulation on [marked fertilising products](#). All these proposals are currently under discussion in Parliament.

On 26 January 2017, the European Commission added to the package a [proposal](#) to amend Directive 2011/65/EU on the restriction of the use of certain hazardous substances in electrical and electronic equipment. The proposal promotes the substitution of hazardous materials to make the recycling of components more profitable. According to the Commission, the proposed changes would further facilitate second-hand market operations and repair of electrical and electronic equipment, thus preventing more than 3 000 tonnes of hazardous waste per year in the EU, and saving energy and raw materials. These changes, in turn, should have positive effects in other areas, such as healthcare, where the Commission estimates that they would result in about [€170 million less](#) in healthcare costs.

On the same day, the Commission also published a [report](#) on the implementation of the circular economy action plan and a [communication](#) on the role of waste-to-energy in the circular economy.

The report summarises a number of important initiatives undertaken by the Commission in the context of the circular economy action plan, including the [proposal](#) for a directive on certain aspects concerning contracts for the online and other distance sales of goods (December 2015); the launch of the [innovation deals](#) for a circular economy (May 2016); and the adoption of the [Ecodesign working plan 2016-2019](#) (November 2016). The latter plan involves the review of existing measures and the launch of preparatory studies for products such as electric kettles, hand dryers, solar panels and inverters, or refrigerated containers – and initiatives taken in the context of food waste. In this last area, the Commission is expected to publish EU guidelines to facilitate food donation in 2017, as well as guidelines for use of former foodstuffs as feed.

The report also announces key initiatives that should be adopted by the Commission in 2017, including a plastics strategy 'to improve the economics, quality and uptake of plastic recycling and reuse, to reduce plastic leakage in the environment and to decouple plastics production from fossil fuels', and a legislative proposal on minimum quality requirements to promote the safe reuse of treated waste water 'while ensuring the health and environmental safety of water reuse practices and free trade of food products in the EU'. Furthermore, by the end of the year, the Commission should present the [monitoring framework](#) assessing progress on the circular economy in the EU and its Member States.

The [communication](#) focuses on energy recovery from waste (waste-to-energy) to support the objectives of the circular economy action plan. To attain these objectives, it clarifies the position of different waste-to-energy processes in the waste hierarchy and what this entails for public financial support; provides guidance to Member States on how to make better use of economic instruments and capacity planning, to address potential overcapacity in waste incineration; and identifies the technology and processes which currently hold the greatest potential to optimise energy and material outputs, taking into account expected changes in the feedstock for waste-to-energy processes.

#### *Other measures*

The European Commission aims to complement its existing initiatives on youth, skills and jobs, such as the 2016 communications '[A new skills agenda for Europe](#)' and '[The youth guarantee and youth employment initiative](#) three years on'. This is why, as the legal follow-up of its December 2016 communication '[A European solidarity corps](#)' – which aims at creating opportunities for young people to 'contribute actively to society in a spirit of solidarity, and acquire new skills and experience, including language skills, in the process' – the European Commission adopted a [proposal](#) on 30 May 2017 for a

regulation laying down the legal framework of the European solidarity corps. The proposal sets out the objectives, activities, criteria for participation for individuals and organisations; provisions for the monitoring, reporting and evaluation of the performance of the European Solidarity Corps; as well as a management, audit and control system. The Commission defines the budgetary envelope (€341.5 million for the 2018-2020 period), seeking to enable 100 000 young Europeans to take part by the end of 2020. Most of the amount (€294.2 million) is redeployed funds from Erasmus+ and other programmes, while the rest is expected to come from contributions from the European Social Fund, the Union civil protection mechanism, the LIFE programme and the European agricultural fund for rural development.



## Priority 2: A connected digital single market

A prosperous digital economy can provide impetus for European markets and open up prospects for new employment. To succeed in this endeavour, Europe needs to overcome legislative fragmentation, offer European Union (EU) consumers an improved product by removing online barriers, and help businesses expand their online sales. Success depends on the creation of a fully integrated [digital single market](#) (DSM), on the basis of the EU-28 national markets.

Accordingly, on 6 May 2015, the European Commission adopted the EU [DSM strategy](#). This is based on three pillars – developed below – which involve a number of legislative and non-legislative actions, ranging from areas such as consumer contract rules and parcel delivery, to audio-visual media services and telecoms rules, to be initiated, in principle, by the end of 2016. In the [mid-term review](#) of the DSM strategy published in May 2017, the Commission announced that it delivered 35 legislative proposals and policy initiatives, and that the focus shifts to obtaining the EP's and the Council's political agreement. The Commission still intends to advance work on data economy, cybersecurity and online platforms during 2017.

*First pillar: improving access to digital goods and services for consumers and businesses*

Modernisation of the [copyright rules](#) is an important step under the first pillar, as highlighted in the [communication](#) on copyright reform adopted in December 2015. First, the new regulation on [cross-border portability](#), which enables consumers to access their online subscriptions for content services when they travel across the EU and are temporarily outside their Member State of residence, was adopted following [Parliament](#) and [Council](#) votes, respectively in May and June 2017.

Second, an entire [legislative package](#) to further harmonise EU copyright rules and adapt them to the digital environment was presented by the European Commission on 14 September 2016. The package includes a [proposal](#) for a new directive on [copyright in the DSM](#), a [proposal](#) for a new [regulation](#) laying down rules for online transmissions and retransmissions of television and radio programmes in the EU, and a [proposal](#) for a directive on the [implementation of the Marrakesh Treaty](#) (concerning blind, visually impaired and print disabled people), together with a [proposal](#) on its cross-border effect. All these legislative files are under consideration in the Parliament and Council, the co-legislators already reached agreement in May 2017 on the modification of EU copyright law to facilitate access to published works for persons who are blind, visually impaired, or otherwise print disabled.

Third, to improve consumer protection when shopping online, and to help EU businesses boost their online sales, the Commission adopted two [proposals](#) in December 2015: a first [proposal](#) on the supply of [digital content](#), and a second [proposal](#) on the [online sale of goods](#). Both texts tackle the fragmentation of the current DSM legal framework.

Fourth, to address the [geo-blocking](#) issue, in May 2016, the Commission adopted a [proposal](#) for a new [regulation](#) to prevent traders from discriminating between online customers based on their nationality, place of residence, or place of establishment within the EU. Following the [results](#) of a public consultation. This legislative file is close to completion, as the trilogue negotiations began in May 2017, with a view to reaching an agreement on the final text. In parallel, the Commission addressed geo-blocking practices in an [e-commerce sector inquiry](#). The [final report](#) on the inquiry and the accompanying [staff working document](#) were published in May 2017, and identify problematic practices that may warrant Commission action to ensure compliance with EU competition rules.

Fifth, the European Commission tabled a [proposal](#) for reform of the Consumer Protection Cooperation [Regulation](#) in May 2016, which aims at [increasing the powers](#) of national authorities to better reinforce consumer rights. The Commission also submitted a [proposal](#) for a regulation on cross-border delivery of [parcel services](#), to increase price transparency and improve regulatory oversight in the sector.

In addition, the Commission proposed new simplified [VAT rules](#) to support e-commerce and online businesses in the EU in December 2016, with measures such as introducing an EU-wide portal for online VAT payments and streamlined tax procedures.

*Second pillar: creating growth-conducive conditions and a level playing field for digital networks and innovative services*

Data protection and privacy rights play an important role in the context of the second pillar. The new comprehensive [rules](#) in this area, proposed by the previous Commission, were [adopted](#) in April 2016.

To complement the general data protection rules, and in view of revising the [e-Privacy Directive](#), the Commission published a [proposal](#) for regulation on the respect for private



life and the protection of personal data in electronic communications in January 2017. The objectives of the review include: enhancing security and confidentiality of e-communications (and therefore trust in online services), by extending the scope of the legislation to include 'over the top' service providers (OTTs), such as Skype, Facebook, or Whatsapp; defining clearer rules on tracking technologies such as cookies; and achieving greater harmonisation of e-privacy rules between Member States. The European Parliament's rapporteur (Marju Lauristin, S&D, Estonia) on the issue tabled a [report](#) in June 2017. The Parliament is expected to adopt its position by October 2017. Meanwhile discussions are progressing in the [Council](#), although some delegations consider the [proposed date of application](#) of 25 May 2018 unrealistic.

In April 2017, the co-legislators [agreed](#) on a [proposal](#) for a long-term strategy for the use of the 694-790 MHz [frequency band](#), reallocating bandwidth to mobile internet services, rather than television broadcasting. Under the agreement, EU countries will reassign this high-quality frequency band to wireless broadband services by 30 June 2020.

To improve connectivity in the EU, the Commission proposed a set of measures under the [gigabit society](#) initiative, in September 2016. They include a [proposal](#) for the [overhaul of telecom rules](#) under the new European electronic communications code; a [proposal](#) for a regulation on the Body of European Regulators of Electronic Communications (BEREC); and a [proposal](#) for a regulation on the promotion of internet connectivity in local communities and public spaces ([WIFI4EU](#)); as well as [communication](#) on a [5G action plan](#). All these legislative files are under consideration by the Parliament and Council.

On the regulation of wholesale roaming markets, the European Parliament approved the [agreement](#) in April 2017: the [regulation](#) was published on 9 June 2017. As of 15 June 2017, when travelling in the EU, consumers are able to [roam like at home](#).

Furthermore, in May 2016, the Commission issued a [communication](#) on online platforms and the digital single market opportunities and challenges for Europe, and announced several [policy actions](#) in this respect.

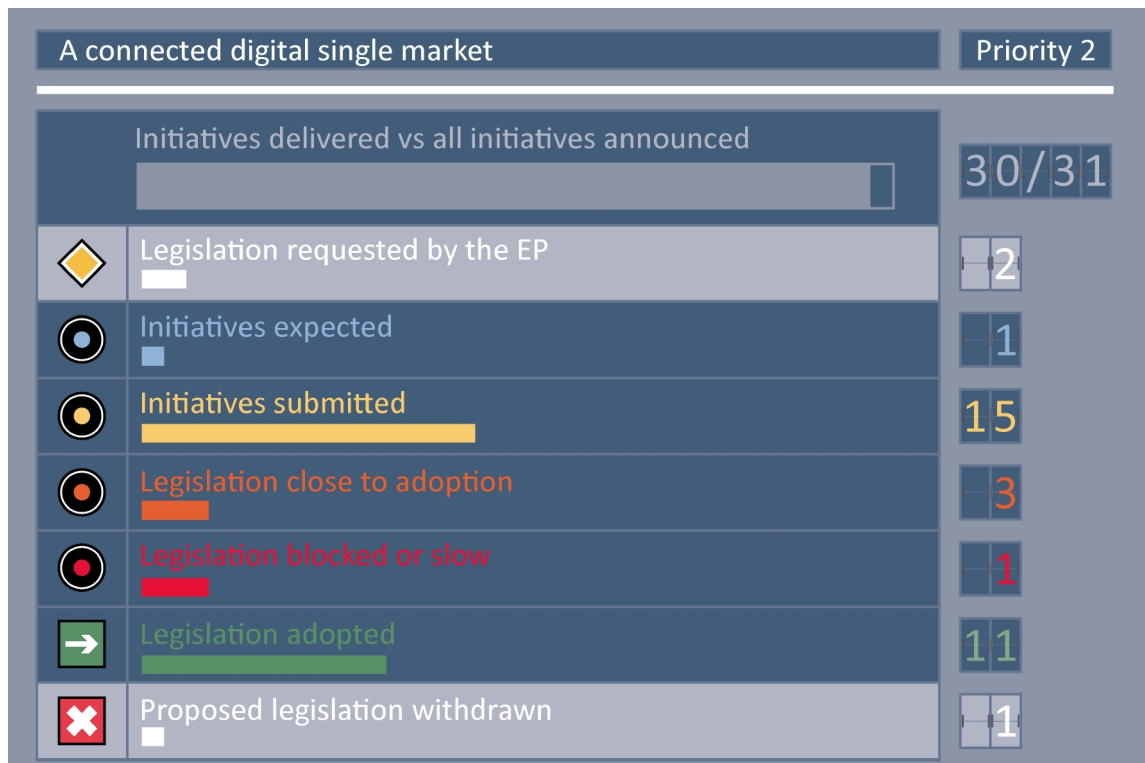
Further ongoing developments include: a [review](#) of the Audiovisual Media Services Directive, which proposes measures on protecting users from harmful content and hate speech on video-sharing platforms; a strengthened role for audiovisual regulators; promotion of the EU film and content industry; and increased flexibility regarding advertisements for television broadcasters. The [Parliament](#) and the [Council](#) both adopted their positions in May 2017 and trilogue negotiations to reach an agreement on a final text have begun.

On [cybersecurity](#), the Commission signed a public-private partnership in July 2016, aimed at increasing investment in research and development to find security solutions tailored to individual economic sectors. The same month, the EU also adopted its first-ever [common cybersecurity law](#), to come into effect in May 2018.

### *Third pillar: maximising the growth potential of the digital economy*

In April 2016, the European Commission [adopted](#) a set of communications on [digitising European industry](#), the [European cloud initiative](#), the e-government [action plan](#) for 2016-2020, and the [priorities of ICT standardisation](#). These strategies intend to support initiatives for a digital transformation of industry and related services; help to boost investment through strategic partnerships and networks; accelerate the development of common standards in priority areas (such as 5G communication networks); and modernise public services.

The Commission's communications were complemented in 2017 by a new [European interoperability framework](#), which will improve coordination of the digitisation of public administrations in the EU, as well as by the [proposal](#) for a [single digital gateway](#) – an access point for businesses and citizens to information, online administrative procedures and assistance services. In March 2017, the Commission adopted a [communication](#) on building a [European data economy](#), which presents options to remove unjustified or disproportionate data location restrictions and examined potential obstacles to the free movement of data. It also discussed issues concerning access to and transfer of non-personal machine-generated data, data liability, portability of non-personal data, interoperability, and standards.



### Priority 3: A resilient energy union with a forward-looking climate change policy

In line with the European Union (EU)'s commitment to provide its citizens and businesses with secure and affordable energy, while also addressing the causes of climate change, the European Commission launched the [European energy union strategy](#) on 25 February 2015, which was endorsed by the European Council in March 2015. The strategy builds on the [2030 policy framework](#) for climate change and energy, which laid down three key targets for the EU by 2030: a minimum 40 % cut in greenhouse gas emissions compared to 1990; at least a 27 % market share for renewable energy; and an improvement in energy efficiency of not less than 27 %. The energy union strategy has five inter-related dimensions:

1. Energy security, solidarity and trust
2. A fully integrated European energy market
3. Energy efficiency contributing to moderation of demand
4. Decarbonising the economy
5. Research, innovation and competitiveness

To address this priority, the European Commission has adopted a series of packages. On 15 July 2015, the Commission issued a [summer energy package](#) consisting of

legislative proposals on energy efficiency labelling and emissions trading, as well as communications on energy markets and consumers. This was followed by the [sustainable energy security package](#) in February 2016 and, in July 2016, by a [package](#) focused on addressing climate issues falling outside the emissions trading system (ETS) sector.

On 30 November 2016, the Commission presented the '[clean energy for all Europeans](#)' package, consisting of a communication on the same theme, eight legislative proposals (discussed in the following sections), a report on energy prices and costs, an ecodesign workplan and implementing legislation, as well as communications on energy funding, innovation and transport. The package includes a [proposal](#) for a regulation on the [governance of the energy union](#) that aims at enhancing the transparency and coordination of energy policies between Member States. This would oblige Member States to prepare national energy and climate plans, as well as long-term low-emission strategies, and to produce regular progress reports. With this major package, virtually all major legislative proposals in the energy field were then on the table, giving the co-legislators more than two years to amend and adopt the proposed legislation before the end of the current legislature.

The second [state of the energy union](#) report, published in February 2017, highlights achievements and challenges, and is accompanied by an [updated roadmap](#), and five [progress reports](#).

#### *Energy security, solidarity and trust*

On 16 February 2016, the European Commission adopted, as part of the [sustainable energy security package](#), a [proposal](#) for a [new regulation on the security of gas supply](#) to strengthen the collective response to future supply risks. A [trilogue agreement](#) was reached in April 2017. In reaction to existing intergovernmental agreements (IGA) with non-EU countries in the field of energy that may be incompatible with EU law, the Commission also adopted a [proposal](#) for a [decision on IGAs](#) that would require Member States to submit draft IGAs for an ex-ante check. The [decision](#) came into force in May 2017, following completion of the legislative procedure in the European Parliament and the Council.

To complement these measures, the Commission presented a legislative [proposal](#) on [risk preparedness](#) in the electricity sector in November 2016.

#### *Fully integrated European energy market*

On 15 July 2015, the Commission presented an initial set of proposals to deliver a [new deal for energy consumers](#). A [regulation on energy price statistics](#), [proposed](#) in November 2015 and [in force](#) since December 2016, aims at improving the collection and comparability of gas and electricity price statistics in Member States.

#### **International climate change agreements**

The European Union played a leading role in the negotiations leading to the [Paris Agreement](#), a global climate agreement concluded in December 2015 at the UN Climate Change Conference (COP21). A European Parliament delegation took part in these negotiations. The Paris Agreement entered into force in November 2016.

In 2016, international agreements to reduce greenhouse gas emissions were also concluded in the International Civil Aviation Organization (ICAO) for the aviation sector, and under the [Montreal Protocol](#) for fluorinated greenhouse gases.

A European energy market needs physical interconnections to transport gas and electricity between Member States. In February 2015, the Commission issued a [communication](#) on electricity interconnections describing measures needed to reach the target of 10 % electricity interconnection by 2020. In November 2015, the Commission adopted a list of 195 key energy infrastructure projects, known as projects of common interest (PCI). These projects receive financial support from the Connecting Europe Facility (CEF) and the European Fund for Strategic Investment (EFSI). A new PCI list is due by the end of 2017. Public consultations on proposed PCIs in [gas and electricity infrastructure](#) and [oil and smart grids](#) closed in June 2017.

The Commission presented legislative proposals for a new electricity market design in November 2016, consisting of a [proposal](#) for a [directive](#) and a [proposal](#) for a [regulation](#), as well as a [proposal](#) for a [recast regulation](#) on the role of the European Agency for the Cooperation of Energy Regulators (ACER). This was accompanied by a report on the Commission's sector inquiry on [capacity mechanisms](#).

#### *Energy efficiency contributing to moderation of demand*

The European Commission promotes 'energy efficiency first' as a principle, meaning that energy efficiency should be given consideration before taking steps to expand production, import or transport capacity. In July 2015, the Commission [proposed](#) a new [regulation on energy efficiency labelling](#), aiming to make energy labels easier for consumers to understand. A trilogue agreement was reached in March 2017, and the agreed text was adopted by the European Parliament in the June 2017 plenary session.

The Commission also proposed revisions of the [Energy Efficiency Directive](#) and the [Energy Performance of Buildings Directive](#) in November 2016. At the same time, it presented an [ecodesign working plan](#) and implementing legislation on verification procedures, eco-design requirements for air heating and cooling products, and guidelines on industry self-regulation.

#### *Decarbonising the economy*

This priority is focused on the transition towards a low-carbon economy, in order to meet the EU's climate targets and international commitments. The European Commission adopted a series of legislative proposals. A July 2015 [proposal](#) for a [reform of the EU ETS](#) in line with the EU's 2030 greenhouse gas reduction target reached trilogue negotiations after the European Parliament and the Council finalised their positions in February 2017. A legislative [proposal](#) concerning [effort sharing](#) for greenhouse gas reduction in the sectors outside the ETS, and new rules for accounting for and reducing greenhouse gas emissions from [land use and forestry](#), were presented in July 2016. In February 2017, the Commission proposed a regulation concerning [post-2020 emissions trading for the aviation sector](#), taking account of the development of a global market-based measure in the ICAO.

The Commission's latest [progress report](#) on steps to tackle climate change, entitled 'Implementing the Paris Agreement' concludes that the EU is on track to meet its targets.

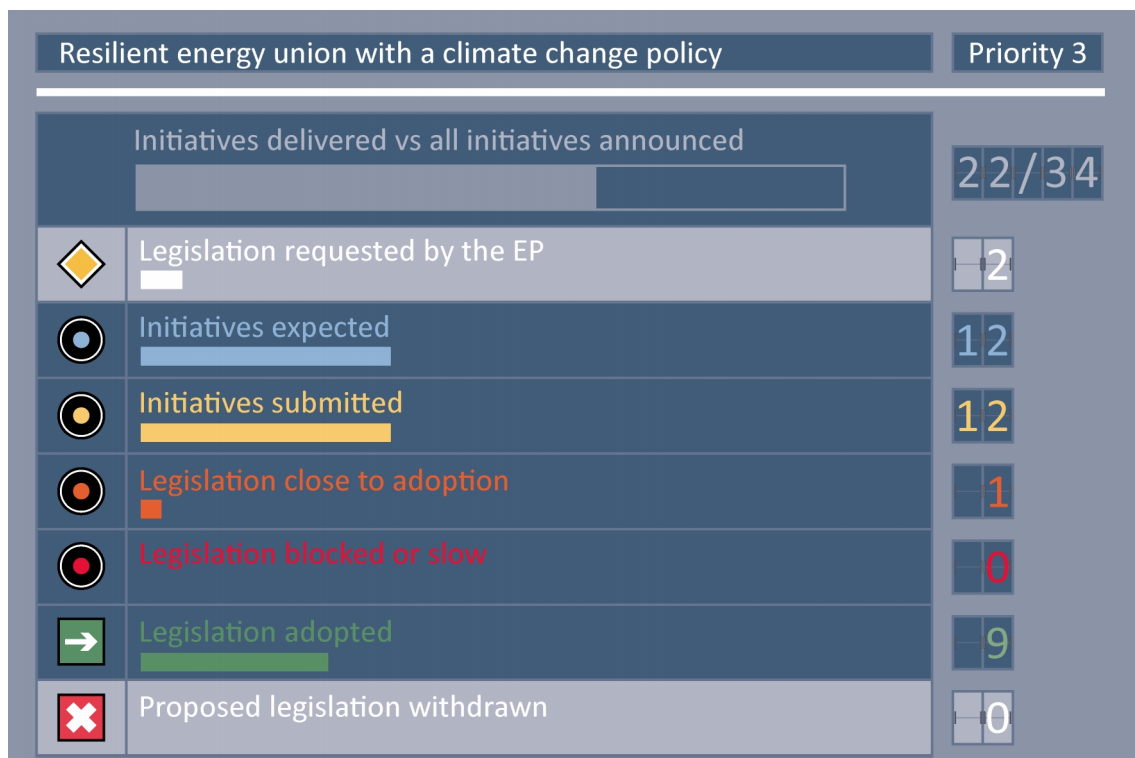
To decarbonise the transport sector, the Commission presented a European strategy for [low emission mobility](#) in July 2016 and a European strategy on [cooperative, intelligent transport systems](#) in November 2016. On 31 May 2017, the Commission proposed a [regulation](#) for monitoring and reporting CO<sub>2</sub> emissions from heavy-duty vehicles, as part of its 'Europe on the move' package. Legislative proposals for post-2020 CO<sub>2</sub> targets for cars and vans and the first-ever CO<sub>2</sub> targets for heavy-duty vehicles are planned for the coming months.

### *Research, innovation and competitiveness*

As part of the ETS reform, the Commission proposed an Innovation Fund that would provide financial support for renewable energy, carbon capture and storage and low-carbon innovation projects. These would be funded from the sale of 400 million emission allowances. In November 2016, the Commission also presented a communication on accelerating [clean energy innovation](#).

### *European Parliament position*

Parliament set out its views on the energy union in its [resolution](#) of 15 December 2015, reiterating its calls for more ambitious targets for energy efficiency and renewable energy. A parliamentary delegation participated in the COP21 climate negotiations in Paris, and in the COP22 conference in Marrakesh. On 6 October 2016, Parliament adopted a [resolution on COP22](#), which urges developed countries, especially the EU, to reduce their emissions below the current pledges, in order to achieve Paris Agreement targets. Parliament adopted resolutions on delivering a [new deal for energy consumers](#) on 26 May 2016; on the [renewable energy progress report](#) on 23 June 2016; on [EU strategy on heating and cooling](#) on 13 September 2016; and on an [EU strategy for liquefied natural gas and gas storage](#) on 25 October 2016. In addition, Parliament set out its positions ahead of certain major legislative proposals through own-initiative reports: on [energy efficiency](#), in June 2016; and [energy market design](#), in September 2016.



## Priority 4: A deeper and fairer internal market with a strengthened industrial base

With this priority, Commission President Juncker made a political commitment – in his 2014 [political guidelines](#) – to unleash the full potential of the single market and make it the platform for Europe to thrive in the global economy. The further completion of the European Union (EU) single market requires a multi-pronged approach. It encompasses the capital markets union (CMU), progress in the field of taxation destined to achieve fairer corporate taxation, a roadmap for the single market strategy, and improved labour mobility, as well as moves towards a European market for consumer financial services.

### *Capital markets union*

Through the establishment of a [capital markets union](#) by 2019, the Commission aims to diversify and improve access to funding for enterprises, as well as to increase the European economy's shock absorption capacity. European businesses, especially small and medium-sized enterprises (SMEs), are still heavily dependent on banks for their funding, and much less so on capital markets, and therefore face higher costs. Diversifying their funding sources would not only lower their costs, but also ease the flow of capital from financial investors to projects and attract foreign investment into the EU. The Commission laid out its vision for achieving the CMU in its [green paper](#) of 28 February 2015. On 30 September 2015, the Commission published an [action plan](#), with 33 actions and related measures. At the same time, it published the first CMU related legislative initiatives: the [securitisation](#) initiative, covering the [proposal](#) for a regulation on securitisation; and a [proposal](#) for a regulation amending the [Capital Requirements Regulation](#), both aimed at improving the risk sensitivity of securitisation; as well as a [delegated regulation](#) amending the Solvency II Delegated Regulation and aimed at facilitating insurers' participation in investment projects. Further [delegated regulations](#) have since been adopted. A [political agreement](#) on securitisation was made on 30 May 2017. A [proposal](#) for a new [prospectus regulation](#), repealing the one in force, was earlier published on 30 November 2015. The proposal intends to better balance the need for potential investors to obtain relevant information about an enterprise, against the often heavy burden for enterprises, especially SMEs, to produce prospectus documentation. On 16 May 2017, the act was [adopted](#) by Council following Parliament's first reading. A proposal on [central counterparties](#) (CCPs) was adopted on 28 November 2016.

On 25 April 2016, the European Commission published its [first status report](#) on CMU achievements, outlining the next steps. A negotiation position on the securitisation regulation was agreed in [Council](#) in December 2015, and the new rules to support investment by insurers entered into force on 2 April 2016. In the short term, the Commission intends to tackle the following issues: business restructuring and insolvency ([proposal](#) adopted on 22 November 2016); promoting personal pensions ([proposal](#) adopted on 29 June 2017); crowdfunding (no legislative action envisaged to date); venture capital markets (see EuVECA below); and passporting rules (linked to the Prospectus Directive, see above).

On 14 July 2016, the Commission adopted its proposal for amending legislation on [European venture capital funds \(EuVECA\)](#) and on [European social entrepreneurship funds \(EuSEF\)](#), to facilitate SME access to market-based investments and promote long-term projects. A [political agreement](#) on these dossiers was reached on 30 May 2017. The Commission published the [capital markets union – accelerating reform](#) roadmap on 14 September 2016, and adopted a [proposal](#) for a directive on business insolvency,



which includes giving honest entrepreneurs a second chance through debt discharge, on 22 November 2016. On 4 May 2017, a [proposal](#) to amend the [market structure regulation](#) (EMIR) was adopted. The results of the [mid-term review](#) of the capital markets union action plan were published on 8 June 2017. The Commission considers it has consistently delivered on its commitments to date, and intends to launch further initiatives.

#### *Tax measures*

The aim, as outlined in the 2014 [political guidelines](#), is to combat corporate tax evasion and tax fraud. Transparency in corporate taxation is currently low, making it possible for companies to exploit legal loopholes to minimise their tax bills by using [aggressive tax planning](#) and by applying abusive tax practices. In a first step to address this situation, the Commission adopted a [tax transparency package](#) on 18 March 2015, instituting automatic exchange of information among Member States concerning their tax rulings. The package included two legislative proposals: one introducing the [automatic exchange of information](#) on tax rulings, which was adopted and published in the [Official Journal](#) in December 2015; and a second for a Council directive repealing the [Directive on taxation on saving incomes](#), adopted and published in the [Official Journal](#) in November 2015.

On 17 June 2015, the European Commission adopted an [action plan](#) for fair and efficient corporate taxation in the EU, covering five areas: re-launching the common consolidated corporate tax base (CCCTB); ensuring fair taxation in the location where profits are generated; creating a better business environment; increasing transparency; and improving EU coordination. As a follow-up, the Commission adopted a [proposal](#) for a [common corporate tax base](#) (CCTB) on 25 October 2016, which is meant to pave the way to a more comprehensive [common consolidated corporate tax base](#) (CCCTB), and a [proposal](#) for a directive on [hybrid mismatches](#) on 30 May 2017. This latter proposal, which modifies the existing [Directive on rules against tax avoidance practices](#), aims at reducing the exploitation of double non-taxation that erodes taxable bases was adopted.

The [anti-tax-avoidance package](#) was announced on 28 January 2016, with the intention of creating a fairer, simpler, and more effective corporate taxation system. It concentrates on preventing aggressive tax planning, and boosting tax transparency, as well as creating a level playing field for businesses in the EU.

The Commission adopted the [action plan on VAT – towards a single EU VAT area](#) on 7 April 2016. The plan includes setting principles for a future single European VAT system, updating the framework for VAT rates, measures to tackle VAT fraud, updating the framework for VAT rates, and the modernisation of VAT rules for e-commerce.

On 1 December 2016, the Commission adopted the [VAT digital single market](#) package to facilitate cross-border trade, combat VAT fraud, ensure fair competition for EU businesses, and to provide equal treatment for online publications. On the same day, the Commission adopted a legislative [proposal](#) regarding [value added tax rates applied to books, newspapers and periodicals](#), which also amends existing legislation with a view to overcoming differences in taxation between electronically supplied services and those supplied on a physical support.

The [findings](#) of Parliament's special [committees](#) on tax rulings ([TAXE I](#) and [TAXE II](#)), which were set up in the wake of the [Lux-Leaks scandal](#), as well as Parliament's committee of inquiry into the [Panama Papers](#), provide an impetus for the Commission to act in the field of corporate taxation.

### Upgrading the single market

A number of obstacles continue to hamper the [single market](#) – considered one of the EU's greatest achievements – preventing full deployment of the advantages to EU citizens. The Commission therefore adopted a [roadmap](#) for the single market strategy to overcome these impediments on 28 October 2015. The instruments cover a broad range, which includes providing guidance about how existing law applies, proposing new or amended legislation, providing EU funding, and encouraging best practices. The legislation of certain aspects of the transport sector is also under review, including in the [aviation](#), [railway](#) and [maritime](#) sectors.

On 10 January 2017, the [services package](#) was presented to reduce barriers to trade in services, with proposals for a [services e-card](#), for [notification procedures](#) for authorisation schemes and requirements related to services, and for [proportionality tests](#) before adoption of new regulation of professions. On 2 May 2017, the Commission presented its [compliance package](#), with proposals for a [single digital gateway](#), a [single market information tool](#) (SMIT), and a [SOLVIT action plan](#). The package's aim is to provide people and companies with access to high quality information, online administrative procedures, and assistance services, through a single digital entry point. It will also allow the Commission to access, in targeted cases, some available data from companies.

### Labour mobility package

Labour mobility was prioritised in the 2014 [political guidelines](#). The labour mobility package was then outlined in Annex I of the European Commission work programme for 2015 ([CWP 2015](#)). The package comprises: (i) supporting labour mobility and tackling abuse by means of better social security system [coordination](#), for which the Commission made a [proposal](#) on 13 December 2016; (ii) the targeted review of the [Posting of Workers Directive](#), for which a [proposal](#) was [adopted](#) on 8 March 2016 (this procedure faces obstacles, given that in May 2016, more than one third of national parliaments or chambers raised a 'yellow card' requiring the Commission to review its proposal, which it has not done); and (iii) enhanced European employment services ([EURES](#)), a procedure [completed](#) on 13 April 2016, which is intended to facilitate the freedom of movement of workers within the EU.



## Priority 5: A deeper and fairer economic and monetary union

This priority reflects the understanding that, through the completion of European Union (EU) economic and monetary union (EMU), Europe can create a better and fairer life for its citizens, prepare for the global challenges which lie ahead, and provide conditions for Member States to prosper.

### *Completion of economic and monetary union*

In line with the 2014 [political guidelines](#), European Commission President Jean-Claude Juncker and the presidents of, respectively, the European Council, Donald Tusk; the Eurogroup, Jeroen Dijsselbloem; the European Central Bank, Mario Draghi; and the European Parliament, Martin Schulz; prepared a [report](#) on completing Europe's economic and monetary union (the 'Five Presidents' Report'). This report, presented on 22 June 2015, provides a blueprint as to how to deepen European monetary union (EMU), and the successive stages for implementation, beginning from July 2015. Stage 1, entitled 'deepening by doing' (1 July 2015-30 June 2017), prescribes building on existing instruments and treaties to boost competitiveness and structural convergence, complete the financial union, achieve responsible fiscal policies at national and euro area level, and enhance democratic accountability. Stage 2, 'completing EMU', proposes far-reaching measures to make the convergence process more binding, in particular through a set of commonly agreed benchmarks that could be given a legal nature, with the final stage to be reached at the latest by 2025 (see below).

The European Parliament's contributions were based on its past and current positions, in particular those set out in its [resolution](#) of 24 June 2015 on 'review of the economic governance framework: stocktaking and challenges'. In this resolution, Parliament placed particular emphasis on the democratic legitimacy and accountability of the European semester, and the proposal for a fiscal capacity within the euro area. The Parliament furthermore demanded that the [European stability mechanism](#) (ESM) and the fiscal compact (the fiscal part of the Treaty on Stability, Coordination and Governance, [TSCG](#)), 'be fully integrated into the Community framework', making it formally accountable to Parliament. To date, neither the European Commission, nor the Member States have followed up on this issue.

The European Council of 25 and 26 June 2015 took [note](#) of the 'Five Presidents' Report'. However, developments regarding EMU were overshadowed by the economic crisis in Greece. On 21 October 2015, in line with the 'five Presidents' report' (Stage 1), the Commission presented specific [steps to complete EMU](#). The texts contain a recommendation for a Council recommendation on a euro area [system of national competitiveness authorities](#) and a European Commission decision establishing an independent advisory [European fiscal board](#). This board is intended to focus on 'the horizontal consistency of the decisions and implementation of budgetary surveillance', and advise on the 'appropriate fiscal stance for the euro area'. Moreover, the Commission set out a [roadmap](#) towards a more efficient external representation of the EMU in relation to multilateral financial institutions such as the International Monetary Fund (IMF), while also reinforcing democratic accountability and legitimacy before the European Parliament. As to economic governance, the Commission 'revamped' the European semester process as of 2016-2017, by strengthening parliamentary control and by addressing EMU issues prior to country-specific recommendations.

On 24 November 2015, the European Commission [proposed](#) a regulation for a European deposit insurance scheme ([EDIS](#)), to create the 'third pillar' of [banking union](#). The proposal aims at reducing the potential spill-over risk from local bank failures on financial

stability in the economic and monetary union as a whole. In parallel, the Commission published a [communication](#) proposing additional measures for risk sharing and risk reduction in the banking sector. The [EDIS draft report](#), published on 4 November 2016, confirmed the need for further risk reduction prior to introducing EDIS, similar to the Council's view on the [roadmap](#) to complete banking union. However, the legislative file is still under negotiation. The Commission addressed some of these risks in its [banking reform package](#), adopted on 23 November 2016, which seeks to incorporate international standards into the EU prudential framework. The package includes a revision of the EU's bank resolution framework, and measures to improve banks' lending capacity to support the EU economy.

The first and second pillar of banking union, banking [supervision](#) and [resolution](#), were put to a first test in early June 2017. On 7 June 2017, reacting to an [ECB statement](#), the Single Resolution Board adopted a [resolution decision](#) for the first time, transferring the Spanish bank Banco Popular to Banco Santander, and putting the EU's new bank resolution framework into practice. Following previous criticism regarding the bailout of Monte Paschi di Siena, an Italian bank, with public funds, the financial markets' [reaction](#) to the SRB decision was positive.

#### *European pillar of social rights*

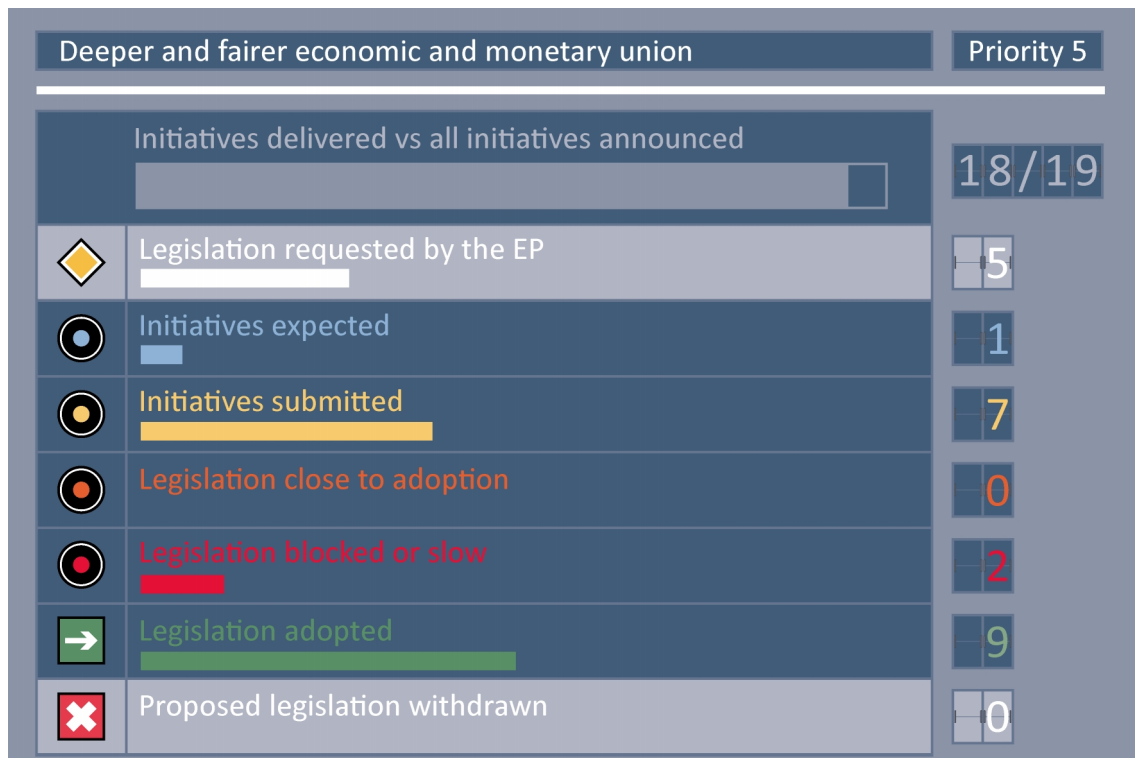
On 8 March 2016, the Commission launched a debate on a [European pillar of social rights](#) for the euro area. This initiative set out to identify common principles and benchmarks with a view to achieving greater convergence in employment and social performance over time. Addressing only euro area Member States, the 'social pillar' also takes note of the increasing importance of [tackling social imbalances](#) within the monetary union. After a comprehensive consultation process, the [European pillar of social rights](#) and [related initiatives](#) were presented on 26 April 2017, and could lead to stronger social policies across the EU. The pillar is a collection of 20 principles and rights supporting the renewal of current labour markets and welfare systems. The European Commission President's 2015 state of the Union [address](#) stated the initiative should serve as a 'compass for a renewed process of convergence towards better working and living conditions among participating Member States'. Additional [initiatives](#) are aimed at modernising the EU's legal framework for achieving a better [work-life balance](#), while also launching a consultation with social partners on improving [social protection](#) systems and [working conditions](#), and supporting the implementation of the [Working Time Directive](#).

#### *Next steps*

On 1 March 2017, the Commission published a [white paper](#) on the future of Europe and launched a 'reflection paper' process with several topical reports to be issued before December 2017. The [reflection paper](#) on deepening of economic and monetary union of 31 May 2017 assesses progress made so far and outlines next steps in two phases: 2017 to 2019, and 2020 to 2025. It describes action to be taken by the next elections in 2019 (mainly completing banking union (EDIS, see above) and capital markets union (see Priority 4), and delivers a 'series of options' for the following years. After 2020, the Commission envisages euro area options for a common issuance of debt ('European safe asset') as well as a macroeconomic stabilisation function, such as a 'European investment protection scheme'.

However, and contrary to what was initially expected, the document does not include specific legal measures to complete the EMU. Preparatory work initially included analytical input from a high-level expert group, to be set up in September 2016, but the Commission decided to produce the document internally. The European Parliament monitors this process closely and, in February 2017, adopted resolutions [first](#) on a

budgetary capacity for the euro area, [second](#) on improving the functioning of the European Union: building on the potential of the Lisbon Treaty, and [third](#) on possible evolutions of and adjustments to the current institutional set-up of the European Union.



## Priority 6: A reasonable and balanced free trade agreement with the USA

### *The objective of the negotiations*

The final report of the [Trade Sustainability Impact Assessment](#) (SIA) launched by the European Commission was issued in March 2017. The SIA finds that an ambitious Transatlantic Trade and Investment Partnership (TTIP) would, each year, lead to a gross domestic product (GDP) 0.5 % higher for the European Union (EU) and 0.4 % higher for the United States (USA). Total exports would increase for both the EU (8.2 %) and the USA (11.3 %), as would total imports for the EU (7.4 %) and the USA (4.6 %).

#### EU-US trade and jobs

The United States is the European Union's top export market. According to the [SIA](#), around 4.9 million jobs in EU Member States rely on these exports, and US-controlled enterprises have created 5.9 million jobs in the EU.

Realising the importance of tightening economic ties, the two sides began negotiations on a TTIP in 2013. In October 2016, TTIP negotiations reached their [fifteenth round](#). TTIP negotiations are temporarily suspended, due to the election of President Trump in the USA and the setting up of his new administration. The [TTIP advisory group](#) met in March 2017 to discuss the importance of transatlantic relations and the current stalemate in TTIP negotiations. The chair of the advisory group declared that the group's mandate is linked to TTIP. Without any activity on TTIP then it does not make sense to keep meeting. Therefore that meeting was the last for the foreseeable future.

Nevertheless, the [conclusion](#) of a mutual recognition of good manufacturing practices in the pharmaceutical sector in early 2017, and the [start of the ratification](#) procedure to conclude an [agreement on insurance regulations](#), also in 2017, demonstrate the importance of cooperation and continued economic negotiations for both sides of the Atlantic.



*The state of play of EU-US trade relations*

The US President's [2017 trade policy agenda and 2016 annual report](#) on the trade agreements programme, issued in March 2017, mentioned that 'the Trump Administration was reviewing the status of (the TTIP) negotiations'. President Trump's trade policy discourse is focused on limiting trade deficit and reverting delocalisation via policies aimed at favouring domestic value added (such as the border tax debate or the 'buy American' regulations). The new policy orientation also looks to strengthening trade defence measures and a preference for bilateral rather than regional or multilateral trade agreements. In line with this new bilateral policy stance, the [USA withdrew](#) from the Trans-Pacific Partnership (TPP) and expressed the intention to replace the TPP with bilateral deals. Notwithstanding this new preference for bilateral deals, the USA is growing more aware that the EU Member States cannot negotiate trade deals independently from the EU, as explained by German [Chancellor Angela Merkel](#) during her visit to Washington in March 2017. Despite the fact that they cannot negotiate bilateral trade deals with each EU Member State – trade being an EU exclusive (or in some instances shared) competence, the US position regarding TTIP remains unclear. [US Secretary of Commerce](#), Wilbur Ross, acknowledged the importance of the EU for US trade, opening up a possible revival of the negotiations, but also mentioned that the EU would have to compete with China and Japan to obtain a first deal with the new US administration. Even during the meeting, held in Washington in April 2017, US officials remained cautious on the question of TTIP revival. According to [President Tusk's statement](#) following the meeting with President Trump on 25 May 2017, trade is an area where issues remain open between the EU and the USA. At their first meeting during the [OECD Ministerial Council meeting](#) in June 2017, EU Trade Commissioner, Cecilia Malmström, and the new US Trade Representative (USTR), Robert Lighthizer, expressed their shared interest in strengthening the EU-US trade and economic relationship and addressing multilateral trade concerns. The preparation of the WTO ministerial meeting, to be held in Buenos Aires in December 2017, appears as the first opportunity for revival of EU-US trade discussions. The September 2017 general elections in Germany could be another reason behind the new US administration's continued wait-and-see approach. At their [80th inter-parliamentary meeting](#) on 2-3 June 2017, Members of the European Parliament and the United States Congress reaffirmed adherence to rules-based trade, cooperation, and multilateralism and reiterated the need for a comprehensive and high-quality economic and trade agreement.

*TTIP pending issues*

Discussions on TTIP up to the 15th round of negotiations had covered all chapters. The EU and the USA published a [joint report](#) on the state of advancement of the different TTIP chapters' negotiations in January 2017. Several [problematic issues](#) remained to be discussed, such as: the divergent views on the extent of concessions for liberalising services; the extent of US concessions in the public procurement chapter; the fact that the EU proposal for extending geographical protection beyond the existing EU-US wine agreement remains controversial for the USA; the issue regarding the investment chapter, where discussions recommenced, and the EU submitted a proposal for an investment court to replace the US-favoured arbitration system; and, among the most controversial issues in the negotiations, the EU-US divergences on the sanitary and phyto-sanitary chapter, and food safety issues.

Over the different negotiating rounds, the European Commission took some of the European Parliament's concerns into account:



- On investor-state dispute resolution (ISDS), the Commission proposed the creation of an [investor-state court](#) in response to Parliament's request for a new system. A similar court was [introduced](#) in the agreements with [Canada](#) and [Vietnam](#). The Commission also proposed an article on the right to regulate, to clarify that investment protection provisions will not be interpreted as a government commitment not to change their legal framework, and to ensure their continued right to regulate.<sup>1</sup>
- In its report on the [fifteenth negotiating round](#), the Commission pointed out that agricultural goods deemed as sensitive were not reviewed.
- In a [joint statement](#) of 20 March 2015, EU Trade Commissioner, Cecilia Malmström, and US Trade Representative, Michael Froman, confirmed that 'US and EU trade agreements do not prevent governments, at any level, from providing or supporting services in areas such as water, education, health and social services', nor do they 'impede governments' ability to adopt or maintain regulations to ensure the high quality of services and to protect important public interest objectives'. Parliament's resolution asked for this clear commitment to be reflected in the final text.
- The Commission reiterated several times that it would not negotiate on the audio-visual sector, which is explicitly excluded from its [negotiation mandate](#). The Commission also excluded negotiations on genetically modified organisms (GMOs). In its textual [proposal](#), the Commission specified that any regulatory cooperation in TTIP would respect domestic legislative and regulatory procedures, and that equivalence and harmonisation would be envisaged only on [specific aspects of regulation](#) if it enhances, or at least maintains, existing levels of protection.
- Regarding the transparency of the negotiations, the Commission made the EU's [negotiating papers](#) available online, along with many other [relevant documents](#), and engaged in dialogue with Parliament and stakeholders. Numerous [meetings](#) with NGOs, stakeholders, and civil society took place. An agreement with the Commission, in December 2015, granted [MEPs](#) full access to all confidential TTIP documents.

#### *Procedure*

Should TTIP negotiations resume, the agreement would be of mixed competence, requiring both EU and Member States ratification. At the EU level, the agreement would have to obtain the European Parliament's [consent](#) before signature by the Council, in accordance with Articles [207](#) and [218](#) of the Treaty on the Functioning of the European Union (TFEU). In its July 2015 [resolution](#), the Parliament issued a condition *sine qua non* to its consent: the replacement of the arbitration system in ISDS. Parliament's [recommendations](#) called for an ambitious and comprehensive trade and investment agreement, aimed at ambitious market access in trade in goods, services, investment and procurement; reduction of non-tariff barriers; and enhanced regulatory compatibility across the Atlantic. At the same time, it called for a balanced approach, including a list of sensitive products subject to transitional periods, quotas or even exclusion; for a rule-based framework (calling for compliance with data protection, environmental, labour and consumer laws, and geographical indications). Parliament further stressed that regulatory cooperation must respect the established regulatory

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<sup>1</sup> EU text proposal for the [chapter on investment in TTIP](#), November 2015.

systems and the state's right to regulate public services. Finally, Parliament called for enhanced transparency in the negotiations.



## Priority 7: An area of justice and fundamental rights based on mutual trust

### *Continuing the focus on security*

President Juncker's 2014 [political guidelines](#) were ambitious in their emphasis on strengthening justice and fundamental rights across the European Union (EU). However, over the last couple of years, the EU is increasingly confronted with major security challenges, necessitating a shift in the focus of EU measures within the area of freedom, security and justice, with security issues dominating. In particular, a series of recent terrorist attacks have resulted in issues such as [radicalisation](#), [extremist propaganda](#) and ['foreign fighters'](#) figuring higher than ever on both national and EU agendas.

### *Combating terrorism*

Europol's counter-terrorism capacity was strengthened with the creation, within its structure, of the European Counter-Terrorist Centre ([ECTC](#)), operational since January 2016. The Centre pools and streamlines Europol's resources to improve intelligence-sharing and expertise in terrorism travel and financing, and better address online terrorist propaganda<sup>2</sup> and illegal arms trafficking. Member States are sharing more information on counter-terrorism than ever, including through Europol, which, at the end of 2016, held more than 10 times as much information on 'person entities' as it did when the attack on *Charlie Hebdo* took place.

Among the legislative proposals tabled, two important counter-terrorism instruments were adopted in spring 2017: a [revised Firearms Directive](#), as part of a package of measures aiming at stronger firearms control, and a [Directive on combating terrorism](#),

<sup>2</sup> The creation in 2015 of the [EU Internet Referral Unit](#) (EU IRU), which is part of the ECTC, and of the [EU internet forum](#), bringing together governments, Europol and technology companies to counter terrorist content and hate speech online, are among the most important steps in this direction. In 2016, the 20 548 decisions on referral by the EU IRU had an 82 % success rate.

aimed at implementing new international standards as regards the criminalisation of a wide range of terrorist activities, including travelling for terrorist purposes and receiving terrorist training. In July 2016, the European Commission [proposed](#) targeted amendments to the 2015 [Fourth Anti-Money-Laundering Directive](#), addressing safeguards for financial flows from high-risk third countries, EU financial intelligence units' powers, centralised national bank and payment account registers, and risks linked to virtual currencies and anonymous pre-paid cards. The Commission adopted proposals aimed at strengthening the [fight against terrorism financing](#) with regard to the harmonisation of [criminal sanctions for money laundering](#), [controls on cash entering or leaving the Union](#), and the [mutual recognition](#) of criminal asset freezing and confiscation orders in December 2016.

Considerable attention was also devoted to improving the existing [EU information systems for border management and internal security](#), and developing new complementary tools. A [high-level expert group](#) was set up by the Commission to address these issues, including initiating a process moving towards the interoperability of such systems. On the basis of the recommendations formulated in the expert group's [final report](#) in May 2017, and in line with the Council [conclusions](#) of June 2017, the Commission is currently developing a new approach to the management of these systems, [integrating interoperability solutions](#), such as a European search portal, shared biometric matching service and a common identity repository.

The recent Commission proposals on information systems developing the security dimension of border management include the November 2016 [proposal](#) for a European travel information and authorisation system (ETIAS) and the December 2016 [package of proposals](#) for regulations on the Schengen information system, including one on its establishment, operation, and use in the field of police cooperation and judicial cooperation in criminal matters. Whereas the future ETIAS system is expected to complete existing arrangements by strengthening security checks on travellers from visa-free third countries, a targeted [regulation](#) amending the Schengen Borders Code was adopted in March 2017, making checks on EU citizens mandatory upon both entering and exiting the EU. Moreover, in January 2016, the Commission [proposed](#) to upgrade the European Criminal Records Information System (ECRIS) to facilitate the exchange of criminal records of third-country nationals in the EU. On 29 June 2017, a [supplementary proposal](#) was adopted, aiming at establishing a centralised system (ECRIS-TCN) for the identification of convicted third-country nationals. At the same time, the Commission presented a [legislative proposal](#) to strengthen the mandate of the EU agency for the operational management of large scale IT systems (eu-LISA), to be in charge of developing the interoperability of centralised EU information systems.

#### *Adopting general instruments on security*

Terrorist attacks across the EU have created a momentum for adopting, beyond specific counter-terrorism tools, long-awaited general instruments with an important security dimension.

In May 2017, the [Europol Regulation](#) entered into force, replacing the 2009 [Europol Decision](#). Whilst the regulation may fall short of expectations as to the extent of a major post-Lisbon reform, it introduces some innovation, including better data-protection safeguards and detailed rules on parliamentary scrutiny. Following the December 2016 referendum in Denmark, an [agreement](#) on operational and strategic cooperation between Denmark and Europol was signed to ensure, inter alia, the exchange of operational data and liaison officers.

Negotiations on two other major proposals, on the European Public Prosecutor's Office (EPPO) and the related [Eurojust regulation](#), have [stalled](#). In April 2017, 16 Member States notified the three institutions of their intention to launch an enhanced cooperation to establish the EPPO. Since then, four others either intend to or have joined. On 8 June 2017, the Member States involved reached an [agreement](#) on the regulation. As regards the [Directive](#) on fighting fraud against the Union's financial interests by means of criminal law ('PIF Directive'), the remit of which determines the scope of EPPO's competences, the Council adopted this in April 2017, following a preliminary agreement with the Parliament.

#### *Harmonising data protection*

To provide a harmonised data protection and privacy framework, and as a follow-up to the reform [package on EU data protection](#) rules adopted in April 2016, the Commission published two new proposals in January 2017: a [proposal](#) for a regulation repealing the e-Privacy directive (see Priority 2); and another [proposal](#) on the processing of personal data by EU institutions. The latter aims to align the existing rules ([Regulation \(EC\) No 45/2001](#)), with the more stringent ones set out in the General Data Protection Regulation, and those laid down in the proposed e-Privacy regulation. The aim is to ensure that personal data processed by EU institutions or agencies benefits from higher standards of protection, while reducing administrative burden. Under the Maltese Presidency, the Council of 8 June 2017 adopted a [general approach](#) on an amended text (which excludes data processing by agencies such as Europol and Eurojust from its application). The Parliament is expected to establish its position in October 2017.

Regarding transatlantic [data transfer for commercial purposes](#), following the [Schrems case](#), the Commission adopted its [adequacy decision](#) on the new framework – the EU-US 'Privacy Shield' – in July 2016, following two years of negotiations with the USA. The European Parliament expressed its view on several occasions (e.g., in its resolutions of [2014](#) and [2015](#) on electronic mass surveillance, and of [2016](#) on transatlantic data flows). However, concern persists, emerging from the European Parliament's new [resolution](#) of April 2017, and the judicial [challenge](#) brought against the 'Privacy Shield' in September 2016. An annual joint review to assess 'Privacy Shield' effectiveness should take place in September 2017.

#### *Addressing violence against women*

In March 2016, the Commission presented [proposals](#) on the signature and conclusion, on behalf of the EU, of the Council of Europe Convention to fight violence against women and domestic violence (the [Istanbul Convention](#)). The European Parliament has repeatedly called for EU accession to this convention, and for its ratification by individual Member States,<sup>3</sup> namely in its resolutions from [2014](#), [2015](#), [2016](#) and [2017](#). In May 2017, the Council [adopted](#) two decisions on the signing of the Istanbul Convention and on 13 June 2017, Commissioner Vera Jourová [signed](#) the Istanbul Convention on behalf of the EU. The final step will be the adoption of the Council decision on [conclusion](#), with the consent of the European Parliament.

#### *Clarifying cross-border aspects of family law*

In March 2016, the Commission made [new proposals](#) to clarify the rules applicable to property regimes for international married couples and for registered partnerships. Following Parliament's consent, the [decision](#) on enhanced cooperation (initially between 18 Member States, but open to any State to join), and the [new regulations](#) were adopted

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<sup>3</sup> To date, the Convention has been signed by all 28 EU Member States, but [ratified](#) by only 14.

in June 2016. Moreover, on 30 June 2016, the Commission adopted a [proposal](#) to review the [Brussels IIa Regulation](#). The proposal is now following a special legislative procedure (Article 81 (3) TFEU), which requires unanimity in Council after consultation of the European Parliament.



## Priority 8: Towards a new policy on migration

Over the past few years, the [migratory pressure](#) on the European Union's external borders has evolved into one of its most pressing priorities. Following a critical year in 2015, when [Frontex](#) reported 1.82 million detections of irregular border crossings, the number of irregular entries dropped by more than half in the second quarter of 2016, compared with the same period in 2015. In 2017, the overall number of irregular entries [detected](#) in the first four months fell 84 % compared to the same period in 2016. However, while entries decreased in Greece, mainly as a result of the [EU-Turkey statement](#) (see below), some of the flows were diverted to Italy, which faced greater flows than in 2016. The number of [asylum applications](#), having reached record highs of 1.4 and 1.3 million in 2015 and 2016, has declined since August 2016, with 197 060 applications lodged in the first four months of 2017.

The European Commission, [tasked](#) by the European Council, presented a [European Agenda on Migration](#) on 13 May 2015, setting out both short- and long-term measures in the following areas.

### *Relocation and resettlement*

Despite [diverging](#) views, the Council adopted two decisions, on [14 September 2015](#) and [22 September 2015](#), to allow the Member States most affected – Greece and Italy – to benefit from temporary relocation of a total of 160 000 asylum-seekers to other Member States. Both emergency measures were promptly [backed](#) by the European Parliament. Furthermore, all Member States [agreed](#) to resettle 20 000 refugees directly from third countries. On 29 September 2016, the Council adopted an [amending decision](#) allowing a further 54 000 persons to be resettled, subtracting this number from the relocation goal of 160 000. According to the [latest data available](#), 20 869 asylum-seekers were relocated



and 22 504 refugees resettled. Aware that the relocation targets in particular are unlikely to be reached by 17 September 2017, the Commission [asserted](#) that Member States' legal obligations do not end on that date, but will continue during a reasonable timeframe thereafter. On 18 May 2017, the European Parliament issued a [resolution](#), urging Member States to fulfil their relocation obligations. On 13 June, the Commission announced its decision to launch [infringement procedures](#) against Czech Republic, Hungary and Poland, who have not yet relocated a single person.

#### *Border management*

The European Council of [15 October 2015](#) focused on securing the European Union's external borders, in particular through developing a [European border and coast guard system](#). With the adoption of the [regulation](#) on 14 September 2016, the new European border and coast guard is set to become fully operational in 2017. The Commission [reported](#) in May 2017 that the European border and coast guard team has deployed around 1 350 extra officers, and mandatory rapid reaction pools for border guards and equipment have been set up. However, significant gaps exist in terms of human resources and technical equipment, which the agency hopes to fill in cooperation with the Member States.

Another initiative in the area of external border management is the Commission's revised proposal for establishing an [entry-exit system](#) within the 'smart borders package', presented on 6 April 2016. The system would be used to register the data of all third-country nationals entering and exiting the EU, to modernise the current system of manual stamping, improve border management, enhance security and identify those who outstay their visa. On 30 June, the co-legislators reached an [agreement](#) on political issues, while some technical issues still need to be addressed before an overall agreement.

Following the identification of serious deficiencies in external border management in Greece, and in response to the temporary [reintroduction](#) of internal border controls by several Member States, the Commission published a [communication](#), 'Back to Schengen – a roadmap', on 4 March 2016, setting out ways to re-establish proper [Schengen area](#) function by the end of 2016. Based on three consecutive Council Implementing Decisions of [12 May 2016](#), [11 November 2016](#) and [11 May 2017](#), five Schengen States (Austria, Denmark, Germany, Norway and Sweden) were allowed to maintain temporary internal border controls. On 12 May 2017, the Commission [recommended](#) phasing out temporary border controls over the following six months, noting that further prolongation is not possible under EU rules. In parallel, the Commission called on Member States to make use of other means to achieve the same level of security, such as proportionate police checks in border areas and along main routes.

#### *Reform of the common European asylum system*

On 12 April 2016, the European Parliament advocated substantial reform of the Dublin Regulation and a centralised EU asylum system, in its non-legislative [resolution](#) on 'the situation in the Mediterranean and the need for a holistic EU approach to migration'.

The Commission presented the first legislative package aimed at [reforming](#) the Common European Asylum System (CEAS) on 4 May 2016, which proposes to amend the [Dublin Regulation](#), create a [European Union Agency for Asylum](#), and reinforce the [Eurodac](#) system for fingerprinting migrants. This first package was complemented on 13 July 2016, with the publication of three further proposals: to replace the [Asylum Procedures Directive](#) and the [Qualification Directive](#) with directly applicable regulations; and to reform the [Reception Conditions Directive](#). The Commission did not opt for a



complete overhaul of the system, but introduced changes to the current system to address shortcomings, increase harmonisation, and improve implementation at national level. The co-legislators are currently examining the proposed CEAS instruments, with due consideration given to the fact that all the files are interlinked.

#### *Legal migration*

As a follow-up to the European agenda on migration, the Commission presented a [communication](#) on the action plan on the integration of third-country nationals, and a proposal for a revised [EU Blue Card Directive](#), both on 7 June 2016.

#### *Cooperation framework with third countries*

In view of the unfolding emergency in the countries along the Western Balkans migratory route, Commission President, Jean-Claude Juncker, called a 'leaders' meeting<sup>4</sup> in Brussels on 25 October 2015. The meeting agreed on a [17-point plan](#) of pragmatic and operational measures to improve cooperation between the most affected countries.

To consolidate a partnership on migration with Africa, European and African leaders met at the [Valletta Summit](#) in November 2015 to address the root causes of migration, tackle migrant smuggling, and improve cooperation on return and readmission with African and other countries.

On the basis of a Commission [communication](#) of 7 June 2016, and to establish cooperation based on incentives and conditionality with key countries of origin and transit, the European Council of [28 June 2016](#) recognised the need for a partnership framework with third countries, placing an emphasis on cooperation on readmission and return.

At the informal Malta Summit on 3 February 2017, the 28 Heads of State or Government noted that irregular arrivals via the Central Mediterranean route remain high, with the number of persons dead or missing at sea increasing every year since 2013. In the [Malta Declaration](#), the leaders agreed on measures to stem the flow of irregular migrants from Libya to Italy and highlighted the need to review the EU return policy. As a follow up, on 2 March 2017, the Commission presented a renewed [EU action plan on return](#), accompanied by a [recommendation](#) to Member States on making returns more effective. On 9 June 2017, the Justice and Home Affairs Council adopted [conclusions](#) on enhancing return and readmission of irregular migrants, emphasising the need to link these negotiations to the visa policy.

#### *EU-Turkey statement*

The European Council decided to 'activate' the [joint action plan](#), agreed on 15 October 2015, based on Commission President Juncker's [EU-Turkey draft action plan](#). The parties issued a [joint statement](#) to confirm their commitments. Turkey undertook to implement readmission agreements and immediately increase its cooperation with the EU on irregular migrants. The EU committed €3 billion for the refugee facility for Turkey. The [principles](#) for cooperation with Turkey are, in particular, 'to resettle, for every Syrian readmitted by Turkey from the Greek islands, another Syrian from Turkey to the EU Member States, within the framework of the existing commitments'. An [EU-Turkey statement](#) was issued with Turkish Prime Minister Ahmed Davutoğlu, in parallel with the March 2016 [European Council](#). The EU aims at stemming the flow of irregular migration to Europe via Turkey, breaking the smugglers' business model and offering migrants an

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<sup>4</sup> Gathering representatives from Albania, Austria, Bulgaria, Croatia, Germany, Greece, Hungary, the former Yugoslav Republic of Macedonia, Romania, Serbia and Slovenia.

alternative to putting their lives at risk, and is conditional on Turkey's progress in fulfilling the requirements of its [visa liberalisation roadmap](#).

In the latest [progress report](#), published on 13 June 2017, the Commission observed that seven benchmarks on the visa liberalisation roadmap, already listed in the previous report, remain to be met. As to [EU accession negotiations](#), the [Commission](#) notes that 16 chapters have been opened so far, that one of these was provisionally closed, and that preparatory work continues in the 'key areas of the judiciary and fundamental rights, and justice, freedom and security'. On 24 November 2016, the European Parliament took a stand in this regard by adopting a non-legislative [resolution](#) on EU-Turkey relations, advocating temporarily suspending EU accession talks with Turkey until the country halts disproportionate repression leading to violations of human rights and fundamental freedoms.



## Priority 9: A stronger global actor

In his 2014 political [guidelines](#), Commission President Juncker observed: 'We need a stronger Europe when it comes to foreign policy. The Ukraine crisis and the worrying situation in the Middle East show how important it is that Europe is united externally'. This priority covers the neighbourhood, development, and security and defence policies.

### *Neighbourhood policy*

Following a [joint consultation](#) on the future of the [European neighbourhood policy](#) (ENP) in March 2015 and the European Parliament's consecutive [resolution](#) in July 2015, the European Commission adopted a [communication](#) on review of the ENP. The Council adopted [conclusions](#) on this review in December 2015, welcoming the Commission's proposals and inviting the High Representative for Foreign Affairs and Security Policy/Vice-President (HR/VP) of the European Commission, Federica Mogherini, and the Commission to provide regular reporting to track developments in the neighbourhood. The Commission also [adopted](#) a [proposal](#) on EU participation in a partnership for research and innovation in the Mediterranean area ([PRIMA](#)) on 18 October 2016.

### *Development*

On 5 February 2015, the European Commission issued a [communication](#) on a global partnership for poverty eradication and sustainable development after 2015. The European Parliament welcomed the communication in a [resolution](#) of 19 May 2015, but regretted a certain lack of commitment concerning the timeline for future financial targets. On 26 May 2015, the Council adopted [conclusions](#) on a new global partnership for poverty eradication and sustainable development after 2015. An agreement was reached at the UN Conference in [Addis Ababa](#) in July 2015, providing a basis for implementing the global sustainable [development agenda](#), which world leaders adopted in September 2015.

In its [resolution](#) on the Commission work programme (CWP) 2016, Parliament called on the Commission to deliver a follow-up action plan to the [European consensus on humanitarian aid](#), and to focus on fragile states, peace-building and state-building in its development policy. On 5 July 2016, the European Commission [presented](#) a [proposal](#) aiming to facilitate EU budgetary support for capacity-building programmes in third countries.

The CWP 2016 also envisaged a recommendation to open negotiations in anticipation of the expiration of the [Cotonou Partnership Agreement](#) in 2020. As a further step in preparing negotiations for a new partnership beyond 2020, the European Commission adopted a [joint communication](#) on renewed partnership with the African, Caribbean and Pacific Group of States (ACP) countries on 22 November 2016. In December 2016, the Plenary ACP-EU Joint Parliamentary Assembly issued a [declaration](#) on the parliamentary dimension of ACP-EU relations in the post-Cotonou framework.

In November 2016, the European Commission presented the communication '[proposal for a new European Consensus on Development Our World, our Dignity, our Future](#)' aiming at integrating the Agenda 2030 sustainable development goals (SDGs) into the EU development framework. Based on its [resolution of 14 February 2017](#), the European Parliament has actively participated in interinstitutional negotiations that have led to the signature of the new consensus on development on 7 June 2017. As requested by the Parliament, poverty eradication remains the main objective of EU development policy, which should also contribute to the overall objectives of EU external action, including building resilience and addressing the root causes of migration.

Boosting investment in developing countries, with the help of the new European external investment plan, will be one of the ways to tackle those issues. In this vein, on 14 September 2016, the Commission adopted the [proposal](#) on the establishment of the European Fund for Sustainable Development (EFSD) which will scale up resources in order to address the root causes of migration and to contribute to the achievement of the SDGs based on existing facilities. Following the committees [amendments](#), trilogue negotiations were opened in May 2017, with the final agreement expected to be presented to plenary in July 2017.

### *Security and defence*

The European Council of 28 June 2016 [welcomed](#) the High Representative's global strategy: [shared vision, common action: a stronger Europe](#). On 14 November 2016, the HR/VP [presented](#) an implementation plan on security and defence aspects of the global strategy to the Council, which encouraged the Commission to support Member States in implementing defence capability priorities in its [conclusions](#).

On defence, the European Parliament supports the development of a strong Common Security and Defence Policy (CSDP) and defence cooperation among Member States, but

with reservations expressed in [three resolutions](#) adopted in May 2015. Following the presentation of the implementation plan on security and defence, Parliament adopted two important resolutions on a [European defence union](#) and on [the implementation of the common security and defence policy](#) in November 2016.

The Commission work programme for 2016 included several additional initiatives in the area of security, such as an [EU-wide strategic framework for supporting security sector reform](#) (SSR) and a [European defence action plan](#). On 5 July 2016, the European Commission and the HR/VP presented a joint communication entitled '[elements for an EU-wide strategic framework to support security sector reform](#)'. The same month, the European Commission presented a [proposal](#) for a regulation amending Regulation (EU) No 230/2012 of 11 March 2014 establishing an instrument contributing to stability and peace (IcSP) that aims to adapt the existing regulation to revised reporting directives on official development assistance (ODA) on peace and security and strengthen the EU's role as a security provider by providing new funding opportunities for military capacity building in third countries. On 14 November 2016, the Council endorsed the Commission proposal in its conclusions on an EU-wide strategic framework to support SSR. The Council conclusions on progress in implementing the EU Global Strategy in the area of Security and Defence adopted on 6 March 2017 expressed the wish for the swift finalisation of legislative work on the revision of the IcSP as an important contribution to allow the EU to provide capacity building in an effective, responsible and seamless way.

In May 2015, the Council established a new Common Security and Defence Policy (CSDP) operation – EUNAVFOR MED – to disrupt the business model of human smugglers and traffickers in the southern central Mediterranean Sea. The second phase of the operation, now renamed Operation Sophia, was launched in October 2015, with the UN Security Council giving a one-year [mandate](#) to intercept vessels on the high seas off the Libyan coast suspected of migrant smuggling. The EU mission continues to operate in international waters, rather than – as originally intended – in Libyan waters. On 20 June 2016, the Council extended the Operation Sophia mandate to 27 July 2017, and added two supporting tasks: training for the Libyan coastguard and navy; and a contribution to the implementation of the UN arms embargo on the high seas off the coast of Libya.

The European Parliament has not taken any official position regarding the Commission's proposal. However, its resolution of 23 November 2016 on the implementation of the CSDP considers that CSDP capacity-building missions must be coordinated with security sector reform and rule of law work by the Commission.

The European defence action plan ([EDAP](#)) was [unveiled](#) on 30 November 2016. In the plan, the Commission proposed a European Defence Fund (EDF) to support collaborative research projects and joint development of defence capabilities; support SMEs through fostering investments and providing more cross-border opportunities in defence supply chains and ensure Europe has an open and competitive single market for defence.

The implementation of the EDAP was included in the CWP 2017. In its March 2017 [resolution](#), the European Parliament welcomed the EDAP and called on the Commission and the Member States to clarify thoroughly the governance, financing and objectives of the possible EDF, notably the capability and research 'windows'.

The [EDF](#) was launched on 7 June 2017 with two strands: on the one hand research, on the other development and acquisition. Research will be funded directly by the EU, with €500 million each year starting in 2020, and €25 million already for 2017 and €90 million until the end of 2019. The Commission has adopted a [proposal](#) for a regulation

establishing a European Defence Industrial Development Programme through which the EU will offer co-financing from the EU budget.

Finally, the CWP 2017 included the implementation of the EU Global Strategy (EUGS). The EUGS [Implementation Plan on Security and Defence](#) was presented in November 2016. The first implementation report is expected in June 2017. As part of the plan, on 8 June 2017, the Council established the military planning and conduct capability (MPCC) within the EU military staff (EUMS). The MPCC will assume command of EU non-executive military missions. On 7 June 2017, the Commission presented a reflection paper on the Future of European Defence, as a follow-up of its white paper on the future of Europe. This reflection paper outlines three possible scenarios for EU security and defence cooperation to be achieved by 2025. Depending on the scenarios, the EU would see greater or lesser degrees of defence integration ranging from cooperation, to shared defence and security to common defence and security.



## Priority 10: A union of democratic change

Commission President Juncker's 2014 [political guidelines](#) expressed an intention to make the European Union (EU) more democratic, open and accountable. This was to be achieved by, inter alia, revitalising the '[special partnership](#)' with the European Parliament, enhancing transparency, strengthening political dialogue with EU legislators, and improving cooperation with national parliaments. Since this Commission took office, transparency and better law-making, including an interinstitutional agreement (IIA) to that end, have been at the core of initiatives falling under this priority.

### *Interinstitutional Agreement on Better Law-Making*

On 19 May 2015, the Commission presented a comprehensive better regulation package which, inter alia, created a more independent Regulatory Scrutiny Board (RSB), expanded stakeholder involvement and strengthened the commitment to review and evaluate Union legislation. It also contained a proposal for a new interinstitutional agreement (IIA). Following negotiations which took place between June and December 2015, the new [IIA](#) entered into force on 13 April 2016.



The IIA's provisions cover different aspects of the policy cycle including programming, better law-making tools (impact assessment, stakeholder consultation and ex-post evaluation), delegated and implementing acts, transparency and implementation. Just over one year since the agreement's entry into force, it is too early to comment in great detail on the implementation and broader implications of the IIA. Nevertheless, experience suggests that the degree of such implementation varies depending on the area concerned. While there have been significant developments with regard, for example, to annual programming or alignment of 'regulatory procedure with scrutiny' (RPS) measures,<sup>5</sup> in other cases, progress has been slow (e.g. delineation criteria for delegated and implementing acts). With regard to the former, following the commitments made in the IIA, the Presidents of the three institutions signed a first joint declaration on the EU's legislative priorities for 2017 on 13 December 2016. The declaration is complemented by a 'working document', which contains a list of specific legislative initiatives, to be given 'priority treatment' in the legislative process. While the 'joint declaration' is considered a significant step in interinstitutional programming, it remains to be seen how the instrument's role in the legislative cycle will evolve.

The institutions have taken steps to adapt their internal procedures to the provisions of the new IIA, and the Parliament's general overhaul of its Rules of Procedure incorporated the changes needed to fulfil this aim. Further political guidance regarding the implementation and application of the IIA is expected in an own-initiative [report](#) by the Parliament's committees on Constitutional Affairs and Legal Affairs,<sup>6</sup> later this year.

The IIA also emphasised the positive contribution of better law-making tools (impact assessments, stakeholder consultation and ex-post evaluations) to achieving higher quality legislation, and explicitly reaffirmed the long-standing principle that impact assessments remain an aid to – not a substitute for – political decision-making. Similarly to previous practice, Parliament and Council remain free to carry out impact assessments regarding their substantial amendments whenever they 'consider this to be appropriate and necessary.' In its [communication](#) on better regulation of September 2016, the Commission praised the IIA as a 'significant step forward in the culture of better regulation', but called upon the Parliament and the Council to step up their own internal IA work in support of substantial amendments. According to the EP [activity report](#) on the ordinary legislative procedure (covering the time period from July 2014 to December 2016), a significant proportion of Commission proposals were not accompanied by an impact assessment, often on grounds of urgency (in particular in the area of Justice and Home Affairs).<sup>7</sup>

#### *Delegated and implementing acts*

Delegated and implementing acts remain among the most significant yet complex and sensitive areas of EU law and policy. To support the correct use of delegation provisions

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<sup>5</sup> Legal acts providing for the use of the 'Regulatory Procedure with Scrutiny', which have not yet been aligned to the post-Lisbon system of delegated and implementing acts (Articles 290 and 291 TFEU).

<sup>6</sup> Rapporteurs: Pavel Svoboda (EPP, Czech Republic) and Richard Corbett (S&D, United Kingdom).

<sup>7</sup> See also an external study which reaches similar conclusions: '[A year and half of the better regulation agenda: what happened?](#)', Impact Assessment Institute, 30 January 2017.



in Union legislation, the IIA envisaged launching further negotiations, with a view to establishing non-binding criteria for both categories. At the time of writing, these negotiations have not yet begun. The European Parliament proposed a number of criteria in its own-initiative [resolution](#) of 25 February 2014, which remains Parliament's position regarding the delineation criteria.

Regarding the alignment of pre-Lisbon Treaty legislation with the system created by Articles 290 and 291 of the Treaty on the Functioning of the European Union (TFEU), the Commission, as envisaged in the IIA, presented a [proposal](#) for such an alignment in December 2016. Work on the proposal already started before the Parliament's JURI Committee.<sup>8</sup> Besides the above issues laid out in the IIA, the Commission has also put forward a proposal to revise the 'comitology' regulation.<sup>9</sup> Aiming at increased transparency and accountability, the proposal envisages, inter alia, publicising the votes of national representatives in the adoption of implementing acts.

#### *Transposition, application, and enforcement of EU legislation in Member States*

The new IIA, and the better regulation package in general, placed a new emphasis on the question of how EU law is being transposed, applied, and enforced 'on the ground' by Member States. This issue remains a common thread running throughout Commission initiatives under Priority 10. Regarding transposition, the Commission urged Member States to avoid going beyond strictly required measures, risking unnecessary costs mistakenly associated with EU legislation ('[gold-plating](#)' of EU rules). The IIA calls upon the Member States to 'communicate clearly' to their public when transposing Union legislation. Regarding the issue of 'gold-plating', the European Parliament emphasised, in its [resolution](#) of 12 April 2016 on the regulatory fitness and performance programme (REFIT), that the adoption of higher standards of social, environmental or consumer protection in cases of 'minimum-harmonisation directives' should not be regarded as 'gold-plating'. Parliament called upon national authorities to be aware of the potential consequences of 'gold-plating', which, on the basis of the resolution involved, may lead to unnecessary burdens and misconceptions regarding EU legislative activity.<sup>10</sup> However, both defining the concept of gold-plating and acquiring data regarding the actual extent of such gold-plating at national level remain a challenge.

#### *Transparency and interest representation*

Increased transparency is among the main prerequisites for making the Union more accountable and democratic, as envisaged in the 2014 political guidelines. The Commission has adopted several decisions requiring Commissioners, their cabinets and Directors-General to make public all information concerning their meetings with lobbyists, and updated [rules](#) on expert groups.<sup>11</sup> The Commission submitted a [proposal](#) for an interinstitutional agreement on a mandatory transparency register on 28 September 2016. The register, when adopted, would now include the Council, in addition to the Commission and the Parliament, and, on a voluntary basis, other EU bodies and agencies. The proposal would make certain types of interactions between EU institutions and interest representatives conditional upon prior registration, including,

<sup>8</sup> Rapporteur: József Szájer (EPP, Hungary).

<sup>9</sup> [Regulation No 182/2011 of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers.](#)

<sup>10</sup> See paragraph 44 of the resolution.

<sup>11</sup> Adopted in May 2016, the new rules provide that certain types of actors are only appointed as experts if they are registered in the Transparency Register.

on the Parliament's side, meetings with MEPs, the Secretary-General, Directors-General and Secretaries-General of political groups.

#### *Code of conduct for Commissioners*

Further Commission steps to enhance transparency and accountability include plans to revise the Commissioners' Code of Conduct, which currently requires Commissioners to withdraw from their duties as Commissioners when standing for (European) elections. According to the Commission President's state of the Union [address](#) of 14 September 2016, standing for elections is the 'necessary rendez-vous with democracy', and Commissioners should not need to step down from their functions when engaged in an election campaign. The Commission President also proposes to increase the 'cooling-off' period, during which Commissioners must notify the Commission of their intention to engage in an occupation after they leave office, from 18 to 24 months (and three years for the Commission President).<sup>12</sup> Following the provisions of the Framework Agreement between Parliament and Commission, the latter is now seeking the opinion of the Parliament on the planned changes.



<sup>12</sup> European Commission [press release](#) of 23 November 2016.

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As the European Commission, under its President, Jean-Claude Juncker, passes the mid-term of its mandate, this publication seeks to provide an updated overview of the work already achieved in each of the Commission's 10 priority areas since it took office. Published ahead of President Juncker's 2017 State of the Union speech, the analysis is intended to respond to the growing interest in assessing progress towards the targets that the Commission has set itself, and to identify areas in which difficulties have been, or are being, encountered.

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