



Key issues in the European Council

State of play in
October 2019

STUDY

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Key issues in the European Council: State of play in October 2019

Study

The role of the European Council is to 'provide the Union with the necessary impetus for its development' and to define its 'general political directions and priorities'. Since its establishment in 1975, the European Council has exercised considerable influence over the development of the European Union, a process enhanced by its designation as a formal institution of the Union under the Lisbon Treaty a decade ago.

The European Council Oversight Unit within the European Parliamentary Research Service (EPRS) monitors and analyses the activities, commitments and impact of the European Council, so as to maximise parliamentary understanding of the political dynamics of this important institution.

This EPRS publication, 'Key issues in the European Council', which will be updated quarterly to coincide with European Council meetings, aims to provide an overview of the institution's activities on major EU issues. It analyses nine policy areas, explaining the legal and political background and the main priorities and orientations defined by the European Council. It also assesses the results of European Council involvement to date and identifies future challenges in the various policy fields.

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Introduction

Established as an informal summit in 1975, the European Council became a formal European Union institution, with a full-time President, in 2009, on the entry into force of the [Treaty of Lisbon](#). It consists of the Heads of State or Government of the 28 EU Member States, the European Council President and the President of the European Commission (Article 15(2) of the Treaty on European Union (TEU)). The latter two have no voting rights. Meetings of the European Council are normally also attended by the High Representative of the Union for Foreign Affairs and Security Policy. The President of the European Parliament is 'invited to speak' ([Article 235\(2\)](#) of the Treaty on the Functioning of the EU (TFEU)) as the first item on the European Council's agenda, followed by an exchange of views. At its formal meetings, normally four per year, the European Council adopts 'conclusions' that are aimed at identifying policy priorities and action to be taken.

The European Council's role is to 'provide the Union with the necessary impetus for its development and define the general political directions and priorities' ([Article 15\(1\) TEU](#)). It cannot exercise legislative functions. At the beginning of the 2014-2019 and the 2019-2024 institutional cycles, the European Council also adopted an agenda of strategic priorities, designed to guide the work of the European Union over the five-year period.

With the EU just coming out of the economic and financial crisis and unemployment still at a high level, the [2014-2019 strategic agenda](#) made economic issues the top priority. Subsequently, unprecedented domestic and global challenges, and notably the prospect of the UK's withdrawal from the EU (combined with a rise of populism and anti-EU sentiment), have triggered a debate on the future of Europe. As a result, previously set objectives have been slightly re-shaped in order to respond more effectively to public expectations and concerns, as well as to bind the EU-27 closer together. EU leaders thus used the occasion of the 60th anniversary of the Rome Treaties in March 2017 to issue a finely-tuned set of policy orientations for the Union for the next 10 years. The [Rome Agenda](#) encompasses four broad chapters: a safe and secure Europe, a prosperous and sustainable Europe, a social Europe and a stronger Europe on the global scene, which will shape the action of the Union over a decade.

Reflecting the orientations set in the Rome declaration, the new 2019-2024 strategic agenda, adopted by the Heads of State or Government at their meeting in June 2019, defines migration, followed by terrorism (protection of citizens and freedoms) as the top priorities for action in the upcoming five years. Then, comes the development of stronger economic base, including the fight against unemployment, followed by climate change and social issues. Finally, it looks to increase the EU's influence and defend its interest in the world. The order of the priorities set out in the 2019-2024 strategic agenda broadly corresponds to the concerns of EU citizens, as indicated by the most recent [standard Eurobarometer](#).

In addition to its horizontal priority-setting role, as defined in Article 15(1) TEU, the European Council is also tasked with identifying the Union's strategic interests, determining the objectives of, and defining general guidelines for common foreign and security policy ([Article 26 TEU](#)). Following a request by EU leaders, the High Representative, Federica Mogherini, presented an EU global strategy, which the European Council welcomed in June 2016. The strategy sets five broad priorities for the EU external action in the up-coming years: the security of the Union, state and societal

resilience to the East and South, an integrated approach to conflict and crisis, cooperative regional orders, and global governance for the 21st century.

The European Council furthermore defines the strategic guidelines for legislative and operational planning in the area of freedom, security and justice ([Article 68 TFEU](#)). For the period until 2019, the [priorities](#) for the European Union in the area of freedom, security and justice, are to 'better manage migration in all aspects; prevent and combat crime and terrorism; [and] improve judicial cooperation among EU countries'. Following the outbreak of the migration crisis, and a series of terrorist attacks on European soil, key strategic documents, notably the [European agenda on security](#) and the [European agenda on migration](#), were adopted in 2015, either at the request or with the endorsement of the European Council.

The European Council has also to 'consider each year the employment situation in the Union and adopt conclusions thereon, on the basis of a joint annual report by the Council and the Commission' ([Article 148 TFEU](#)).

Its decisions are taken mainly by consensus, but in certain cases the European Council can also decide by qualified majority. For example, the President of the European Council is [elected](#) by qualified majority vote for a once-renewable term of two and a half years. The President's role is 'to ensure the preparation and continuity of the work of the European Council in cooperation with the President of the Commission', chair its meetings, 'facilitate cohesion and consensus within the European Council', and to ensure 'the external representation of the Union on issues concerning its common foreign and security policy, without prejudice to the powers of the High Representative of the Union for Foreign Affairs and Security Policy' ([Article 15\(5\) TEU](#)).

While not directly accountable to the European Parliament, the President of the European Council presents a report to Parliament after each meeting of the Heads of State or Government ([Article 15\(6\)\(d\) TEU](#)). Usually this takes the form of a declaration, followed by a plenary debate.

As a result of both the UK's decision to leave the Union and the [Leaders' Agenda proposed](#) by European Council President Donald Tusk in 2017, aimed at 'reinvigorating and enriching' the European Council's work 'by engaging directly on politically sensitive issues', the working method and formations of the European Council have evolved substantially in recent years. In recent years members of the European Council have met in five different formats:

- the EU-28 Heads of State or Government meet quarterly in the regular European Council meetings;
- since 2016 the EU-27 (leaders of all the 28 EU Member States except the UK) have met in the *EU-27 (Article 50)* format, to discuss Brexit;
- the EU-27 or EU-28 have in recent years held *informal summits* at least twice a year;
- the EU-27 or EU-28 have since October 2017 participated in *Leaders' Meetings*;
- the EU-27 (leaders of all the 28 EU Member States except the UK) have met in several *inclusive Euro Summits*. Participation in Euro Summits is usually restricted to the leaders of euro-area countries, but the President of the Euro Summit (currently also President of the European Council) can invite other leaders as well.

Leaders' meetings, which are designed to enable a leaders' discussion to take place on a specific topic, are a key feature of the Leaders' Agenda. Unlike regular European Council meetings, Leaders' discussions are based, not on draft conclusions, but on short notes prepared by the President. The idea is to have an open, relatively unstructured debate on controversial but highly consequential issues, with a view to facilitating agreement at a follow-up European Council.

The 2019-2024 strategic agenda was prepared in very much the same way, by using the working method developed under the Leaders' Agenda. Just ahead of the 2019 European elections, the EU-27 met on 9 May 2019 in the Romanian city of Sibiu to assess the implementation of previously set policy objectives and to reflect informally on future EU action for the upcoming five years. The EU leaders' discussion was informed by President Tusk's Leaders' Agenda note, 'Strategic Agenda 2019-2024 – outline', which provided a first overview of the topics for future action. The 2019-2024 strategic agenda was then adopted at the June 2019 formal European Council.

The EU Heads of State or Government see the strategic agenda as 'the first step in a process that will be taken forward by the Institutions and the Member States'. The European Council announced that it 'will follow the implementation of these priorities closely and will define further general political directions and priorities as necessary'. Its meeting on 17-18 October 2019 should see a working session on the follow-up to the new 2019-2024 strategic agenda. The presence at that meeting of both the newly elected President of the European Council, Charles Michel (as prime minister of Belgium), and the Commission President-elect, Ursula Von der Leyen (in addition to the incumbent Commission President, Jean-Claude Juncker), could provide the political momentum to shape a roadmap for achieving the objectives set out in the various policy priority areas.

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1. Economic and financial affairs

1.1. Background

The financial crisis began in 2007 with the meltdown in the US subprime mortgages market. With the collapse of the US investment bank Lehman Brothers in 2008, it worsened; it quickly crossed the Atlantic and hit European banks, which had been lending heavily to the overheated real-estate sectors in the US and the EU, as well as to profligate European governments. The crisis exposed serious flaws in the functioning of the euro area, demanding a quick response from European policymakers.

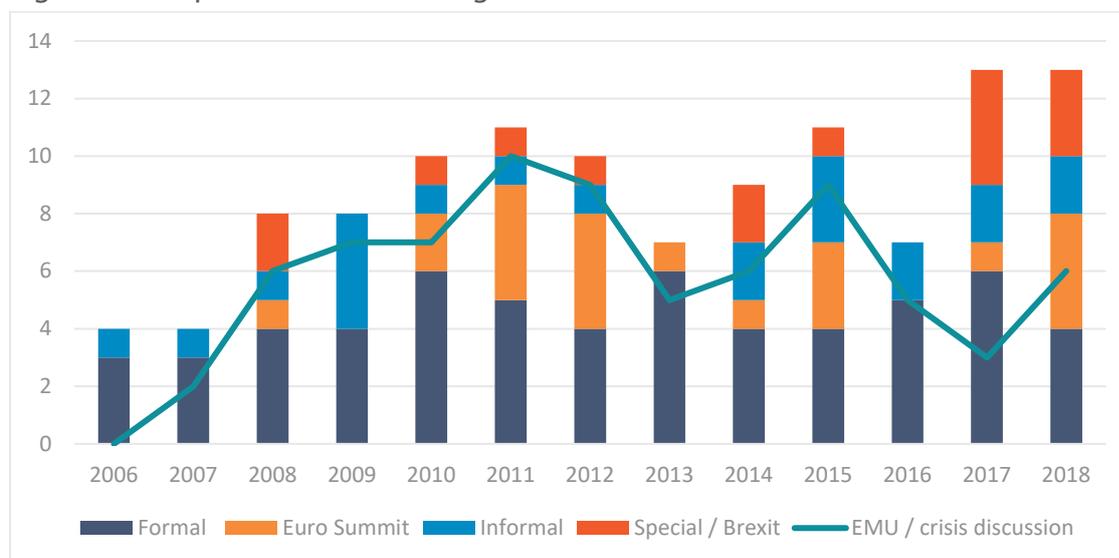
As a consequence of bank rescues and the recession, provoked by the crisis, European governments had to deal with increasing amounts of debt. The financial crisis and the European sovereign debt crisis became tightly intertwined. This put the role of the EU Heads of State or Government, especially those in the euro area, into sharper focus. In the period from 2008 to 2012, EU leaders had to deal with three main issues:

- safeguarding the stability of the EU's financial system, dragged down by bank losses, lack of liquidity and undercapitalized banks
- a massive build-up of government debt across the EU, as Member States bailed out banks and increased expenditure in response to recession
- a significant increase in interest rates on government debt, which fuelled speculation on defaults and even about possible exits from the euro area

The fact that only governments could come up with a massive fiscal response to backstop Europe's financial system meant that the principal responsibility to find solutions to stem the crisis laid with the Heads of State or Government, meeting either in the format of the European Council or the Euro Summit.

The period from 2010 to 2012 thus saw the intense involvement of the European Council and the Euro Summit in dealing with the crisis (see Figure 1). EU leaders had to move quickly to take unprecedented decisions with regard to helping Member States that had lost access to capital markets and required financial assistance. They also had to set up a stricter budget surveillance mechanism to commit the EU to debt reduction in a credible way. Taking a hands-on approach in response to the crisis, meetings of EU and euro area Heads of State or Government multiplied, with at least 10 meetings a year on average, reaching more up to 13 a year at the height of the crisis.

Figure 1: European Council meetings on EMU and the crisis



Source: EPRS.

Following a proposal from French President, Nicolas Sarkozy, the first meeting of euro area Heads of State or Government took place in October 2008, to coordinate their response to the crisis. In October 2011, the leaders of euro area countries [agreed](#) 'to meet regularly – at least twice a year – in Euro Summits, to provide strategic orientations on the economic and fiscal policies in the euro area'. These meetings were institutionalised in March 2012 with the [Treaty on Stability, Coordination and Governance in the Economic and Monetary Union](#) (EMU).

Dealing with the sovereign debt crisis

As the crisis progressed, a number of governments in the EU decided to prop up their financial systems to safeguard financial stability, while also increasing spending to counteract the effects of recession. The consequence of bank bailouts and falling tax receipts as economies entered the recession was a sharp increase in public debt; suddenly, investors woke up to the possibility that some Member States might not be able to pay back the money they owed. Those countries now had to pay much higher interest rates, if they wanted to borrow; some were simply shut out of the markets.

The Heads of State or Government had to act on two fronts. On the one hand, they had to put mechanisms in place that allowed Member States in trouble to access funding. Therefore, in May 2010, the leaders of the euro area [set up](#) the [European Financial Stability Facility \(EFSF\)](#), which in February 2012 was followed by the agreement on the establishment of the [European Stability Mechanism \(ESM\)](#).

On the other hand, they had to come up with a credible governance system to rein in their budget deficits and exploding debt. In 2011, the Stability and Growth Pact was reinforced with the adoption of a new set of rules, [the six-pack](#) (followed in 2013 by the [two-pack](#)), allowing for stricter surveillance of Member States' debt, budget deficits and economic policies under the [European Semester](#). In March 2012, with the [Treaty on Stability, Coordination and Governance in the EMU](#), the EU leaders reinforced these mechanisms, setting the Member States on a firm path to debt reduction.

At the same time, the European Council started to shift its focus to the regulation of Europe's banks, whose risky investments and subsequent losses were at the heart of the crisis. The December 2012

[report](#) by the European Council President, Herman Van Rompuy, argued for a fully-fledged banking union, with stricter capital requirements, single supervision and resolution mechanisms, as well as deposit protection.

After a relatively calm period in 2013 and 2014, the number of leaders' meetings, especially Euro Summits, shot up again in 2015 when the Greek crisis reignited (see Figure 1). It was successfully resolved after a number of intense Euro Summit and Eurogroup meetings over the spring and summer.

In 2016, with the worst of the economic and financial crisis behind it and the economic recovery well on track, the European Council shifted the focus away from the crisis-fighting measures in the EMU (see Figure 1) towards longer-term measures to deepen EMU and put the banking system on a sounder footing.

In a [letter to EU leaders](#) from September 2017, ahead of the informal dinner in Tallinn in September 2017, the President of the European Council, Donald Tusk, underlined the need to complete the banking union and called for concrete decisions on the future development of EMU to be taken by June 2018.

This paved the way for the [Euro Summit in December 2017](#) (the first Euro Summit since 2015) and relaunched the debate on EMU reform, with noteworthy contributions from EU Heads of State or Government. A year later, [the December 2018 Euro Summit](#) endorsed the reform of the ESM and the establishment of the euro area budget (see section D for details).

1.2. Legal basis for European Council action on the EMU

Article 121(2), [Treaty on the Functioning of the European Union](#): 'The European Council shall, acting on the basis of the report from the Council, discuss a conclusion on the broad guidelines of the economic policies of the Member States and of the Union'.

European Semester

The latest broad economic policy guidelines, reflecting the conclusions of the European Council, were adopted as [Council recommendations](#) in 2015 for the following three years. They form the basis for [the national reform programmes](#) in which Member States outline measures to achieve their [Europe 2020](#) targets.

These documents, along with stability (for euro area countries) and convergence (for non-euro area countries) programmes feed into the [European Semester](#) where the Member States, in the first six months of the year, align their budgetary and economic policies with the objectives and rules agreed at EU level.

The European Council plays an important role in this process, which ends with the Council issuing [country-specific recommendations to Member States](#):

- early in the year, usually in March, the European Council 'identifies the main challenges facing the Union and the euro area and gives strategic guidance on policies [...] Member States should take into account the horizontal guidance by the European Council' (Recital 14, [Regulation \(EU\) No 1175/2011](#) on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies);
- on the basis of national reform programmes, the Commission drafts country-specific recommendations; before the Council finally adopts them, usually in July, the European Council endorses them, usually in June.

1.3. Strategic orientations

Putting the banking system on a sounder footing

In its December 2012 conclusions, the European Council [underlined](#) that it was 'imperative to break the vicious circle between banks and sovereigns'. Emphasising the overriding importance of stronger economic governance and fiscal discipline, it underlined that the banking system, which, along with government debt, was at the heart of the crisis in the EU, needed to be more efficiently supervised and put on a sounder footing. It reiterated 'the importance of the new rules on capital requirements for banks (CRR/CRD), which are of the utmost priority so as to develop a single rule book'.

Deepening the economic and monetary union

At the same meeting, the Heads of State or Government [endorsed](#) 'a time-bound roadmap', [Towards a genuine economic and monetary union](#), drawn up by the President of the European Council, Herman Van Rompuy, in cooperation with the presidents of the European Commission, the Eurogroup and the European Central Bank. To make the EU banks less crisis-prone, the report argued for stricter capital requirements and single supervision; to ensure that bank failures do not end up destabilizing the whole financial system, it proposed a single bank resolution regime, with the ESM playing the role of the financial backstop for the whole regulatory edifice, known as the [banking union](#).

In December 2014, the European Council [requested](#) another report on further measures to complete Europe's economic and monetary union. [The five presidents' report: Completing Europe's economic and monetary union](#), prepared by the President of the European Commission in close cooperation with the President of the Euro Summit, the President of the Eurogroup, the President of the European Central Bank, and the President of the European Parliament, was published in June 2015.

The leaders took note of the report at the [December 2015 European Council](#) and called for rapid progress on the basis of it, in particular regarding:

- more effective economic and fiscal governance;
- banking union, to enhance financial stability in the euro area.

In the [Rome declaration](#) of March 2017, Heads of State or Government included the completion of EMU as a part of the second priority in their commitment to establish 'A prosperous and sustainable Europe'.

1.4. Noteworthy commitments on EMU: specific requests and follow-up

Single supervision and single rule book for European banks

Before the crisis, banks had waded into risky financial derivatives business; they were also lending heavily to the private sector and governments that took advantage of lower interest rates following the introduction of the euro. As markets and the economy started to sour, bank losses increased, eating through the banks' capital cushions and pushing them to the verge of bankruptcy.

The Heads of State or Government called repeatedly for rules to be adopted on the better supervision of systemically important banks, stronger capital requirements to be better able to withstand the losses, and more efficient rules for dealing with failed banks so that they would not endanger the stability of the financial system.

In December 2012, the European Council [recognised](#) that systemically important banks needed to be better supervised and to be capable of withstanding losses. They called for:

- the establishment of a [single supervisory mechanism](#); the European Central Bank now supervises the euro area's biggest banks having a better view of the risks their activities pose for financial stability;
- the adoption of new rules on capital requirements; banks must now have [more capital available to withstand losses](#), reducing the need for government intervention;
- adoption of new rules on the restructuring and resolution of failing banks; banks can now be wound down in an orderly manner with the support of the [Single Resolution Fund](#);
- setting up of deposit guarantee schemes in Member States for deposits of up to €100 000; these now help [prevent the mass withdrawal of deposits in the case of bank failure](#), which can contribute to financial instability.

Parliament and Council adopted these pieces of legislation in 2013 and 2014.

Completing the banking union

[In his letter to EU leaders](#) from September 2017, President Tusk identified the completion of the 'Banking Union in line with the agreed [roadmap](#)' as a common priority 'so that the euro area is strengthened structurally'. He stressed in particular that 'We have to prepare a common backstop to the banking union, to advance further risk reduction and pave the way for a European deposit insurance scheme. We should also enhance Europe's capacity to act, which could involve developing the ESM towards a European Monetary Fund'.

As the Commission put it in its [communication of October 2017, the European Deposit Insurance Scheme \(EDIS\)](#), is one of the most important missing pieces of the banking union. In its view, it should complement the single supervisory mechanism and the single resolution mechanism (both are already functioning) as its third pillar.

If, in June 2018, the Euro Summit was of the opinion that the breakthrough on risk reduction allowed for the work to 'start on a roadmap for beginning political negotiations on the European Deposit Insurance Scheme', the latter was not mentioned in the December 2018 Euro Summit conclusions.

On the one hand, the decidedly vague language with reference to EDIS shows that there are still big obstacles to be surmounted in the European Council before a more ambitious agreement on completing the banking union can be reached. In December 2018, the Eurogroup [committed](#) to establishing a high-level working group to work on the roadmap for EDIS negotiations; it reported to finance ministers on June 2019, as planned. The next report will follow in December 2019.

The EDIS would provide additional financial resources in case Member States' deposit guarantee schemes are not sufficiently funded to handle larger, local shocks. This would cut still further the vicious link between banks and public finances. The same logic pertains to bank resolution; if the Single Resolution Fund could benefit from loans from the European Stability Mechanism (ESM), this would add to the credibility of the euro area's mechanisms for dealing with failing banks.

These proposals to complete the banking union have split the EU governments into two camps, the first putting more emphasis on the need for risk sharing (i.e. extending funds, via a EDIS, to make sure small savers do not lose money in the event of a bank failure in another Member State) and the second insisting more on risk reduction (i.e. making sure all Member States clean up their banks and put their public finances in order, so that there is no need to save banks in other Member States via the ESM).

This split is reflected in the European Council conclusions, where the leaders try to find a balance between risk sharing and risk reduction that would allow them to progress on the banking union issue. Already in June 2016, in line with the European Council's request, the Council of the EU established a [roadmap to complete the banking union](#). The leaders reiterated the need to complete the banking union at their [March 2017 meeting](#), underlining, however that this has to happen 'in terms of reducing and sharing risks in the financial sector, in the appropriate order'.

Before such risk sharing on the EU level can occur, a number of banks have to be put on a sounder footing, via risk reduction. At [the December 2018 Euro Summit](#), EU leaders noted that [the Economic and Financial Affairs Council on 4 December 2018](#) had agreed on a package of measures aimed at [reducing risk in the banking industry](#), and thus increasing its resilience in the face of shocks. Despite a slightly more positive tone adopted by some Member States recently and a commitment by the new Commission to bring this file forward, the decidedly vague language with reference to EDIS shows that there are still big obstacles to overcome in the European Council before a more ambitious agreement on completing the banking union can be reached.

Deepening the EMU

Following a call from European Council President Tusk for concrete decisions on the future development of the EMU to be taken by June 2018, a number of Heads of State or Government have made marked contributions to the discussion, including the [French-German declaration](#) and the [proposals](#) from the grouping of more fiscally conservative EU governments, the so-called New Hanseatic League.

The compromise, building on talks between EU finance ministers throughout the autumn of 2018, was finally announced after the [Eurogroup meeting of 3 December 2018](#). [Endorsed](#) by the Heads of State or Government later that month, it foresees stronger crisis management powers for the ESM, the establishment of the ESM backstop to the Single Resolution Fund (SRF) and the setting up of the euro area budget as a part of the overall EU budget, focusing on convergence and competitiveness rather than on stabilisation.

Euro-area budget

On 21 June, the Euro Summit endorsed [a compromise on the euro budget](#) (a budgetary instrument for convergence and competitiveness) reached a week earlier in the [Eurogroup](#). In line with the leaders' mandate from [December 2018](#), the finance ministers had delivered a proposal for a budget that would focus on convergence and competitiveness, but not on stabilisation.

Member States' views on how to make the euro area more crisis-proof diverge. Those in the risk-sharing camp warn that without a sizeable common budget to support investment and economic growth in times of recession, the euro area's stability might be at risk. Others insist that a new budgetary instrument should rather support structural reforms, which are the key to economies' resilience in the face of crisis. According to the risk-reduction view, strengthened competitiveness and economic convergence between Member States reduce the risks of instability in the euro area, dispensing with the need to create a mechanism involving significant financial transfers between countries.

When it comes to the euro-area budget, the Heads of State or Government decided to adopt the risk-reduction perspective. The push for a sizeable euro-area budget with a stabilisation function outside the EU budget by French president Emmanuel Macron in [August](#) and [September](#) of 2017 quickly ran out of steam. By June 2018, the Franco-German [Meseberg Declaration](#) stated that competitiveness and convergence were the purpose of the euro-area budget; in December 2018 those two functions were the only ones mentioned in the [mandate](#) given by the leaders to the

Eurogroup, and this fiscal capacity for the euro area will be part of the EU budget and be of limited size. Twelve EU governments, the Netherlands, Austria and Finland among them, even [questioned](#) the need to have any euro-area fiscal capacity at all. Nevertheless, on 9 October 2019, the Eurogroup meeting in an inclusive format, [agreed](#) on the critical elements of the governance and financing of the budgetary instrument for convergence and competitiveness for the Eurozone. As [stated](#) by the President of the Eurogroup, Mário Centeno: 'Only two years ago, a fiscal capacity for the euro was a purely academic endeavour. Last night, we turned it into reality. This is a new pillar in the foundations supporting the euro'.

ESM reform

At their June 2019 meeting, the Heads of State or Government of the euro area also endorsed changes to the [ESM treaty](#), which the Eurogroup [proposed](#) on 13 June. These are meant to provide a fiscal backstop for the Single Resolution Fund and clarity on precautionary lending.

The ESM is an intergovernmental institution tasked with providing loans subject to strict conditionality to euro area countries that have lost access to financial markets; it can also buy government bonds on secondary markets and recapitalise banks directly. The ESM also reduces the risk of failing banks dragging governments down with them and restricts the potential for contagion in bond markets.

Fighting tax avoidance in the EU

In May 2013, the European Council endorsed the action plan to [better tackle tax evasion and corporate tax avoidance](#). The issue of lost budget revenues due to tax avoidance schemes was put into a sharp focus with Lux Leaks revelations in 2014, followed by the Panama Papers in 2015 and the Paradise Papers in 2017. 'There is an urgent need to advance efforts in the fight against tax avoidance and aggressive tax planning', [the European Council concluded in December 2014](#). In line with the leaders' demands, the Council adopted [the anti-tax avoidance package](#), as well as legislation on the exchange of information on tax rulings. In June 2018, the European Council [highlighted](#) the need 'to ensure effective VAT collection'; in December, the Council [adopted the relevant proposals](#).

EU needs 'an effective and fair taxation system fit for the digital era', the European Council concluded in [October 2017](#). Thus, in the coming months, and in line with the [Leaders' Agenda from March 2018](#), discussion on [taxation of companies with a significant digital footprint](#) (e.g. Google and Facebook and companies that are able to shift profits easily to low-tax jurisdictions) will continue. There are significant differences between Member States as to whether such tax is desirable, or how it should be implemented. Citing the lack of progress on European level, France, Italy, the UK and Spain have moved to set up national digital taxes. [Country-by-country reporting of companies' income tax](#), where significant differences also exist, and the establishment of a definitive VAT system will also be high on the agenda.

To bolster the stability of the euro area, the Heads of State or Government agreed that the ESM should be able to provide a financial backstop for the euro area's mechanism for dealing with failing banks (the single resolution mechanism) and offer precautionary loans to countries to prevent a full-blown crisis. The tension between the risk-sharing and risk-reduction approaches is also reflected in the Euro Summit conclusions on the reform of the European Stability Mechanism (ESM).

The debates on the reform of the ESM and euro area budget were animated by proposals such as those put forward by France and Germany in the [Meseberg Declaration of June 2018](#), which called for the European Stability Mechanism (ESM) to be given a bigger role in crisis prevention and in assessing and monitoring future programmes, as well as its incorporation into EU law. It also supported the establishment of a euro area budget.

The finance ministers from Czechia, Denmark, Estonia, Finland, Ireland, Latvia, Lithuania, the Netherlands, Sweden and Slovakia (the New Heanseatic League) in their [joint Statement on the ESM of November 2018](#) supported this reinforced role for the ESM, included as a backstop for the Single Resolution Fund, but also as an intergovernmental institution accountable to its shareholders. This is in stark contrast with the Commission's [proposal](#) to create a European Monetary Fund under EU law. The governments also insisted on strict conditionality of programmes and bail-ins of creditors to ensure debt sustainability. The insistence of these Member States on the ESM's expanded role in monitoring economic policies might be interpreted as an encroachment on the Commission's area of competence.

1.5. Challenges and outlook

At the [June 2019 meeting](#), the Euro Summit followed up on the [conclusions of the December 2018 European Council meeting](#), where the Heads of State or Government had committed to agree on the features of the euro-area budget by June. The discussions on the [new budgetary instrument for convergence and competitiveness](#), especially its size, will continue in the framework of negotiations on the EU's 2021-2027 multiannual financial framework.

Reform of the ESM will also stay on the agenda, in particular the body's role in crisis prevention, the design and monitoring of programmes involving Member States in trouble, and the need for a common backstop to the SRF. In June 2019, the Euro Summit endorsed changes to the [ESM treaty](#), which the Eurogroup had [proposed](#) on 13 June. Proposals for amendments to other documents, which will be affected by ESM Treaty changes, will be finalised by December 2019.

Debates on the European deposit insurance scheme are set to continue, but on a technical level. The high-level working group on EDIS reported to the Eurogroup in June 2019 as planned. The next report will follow in December 2019.

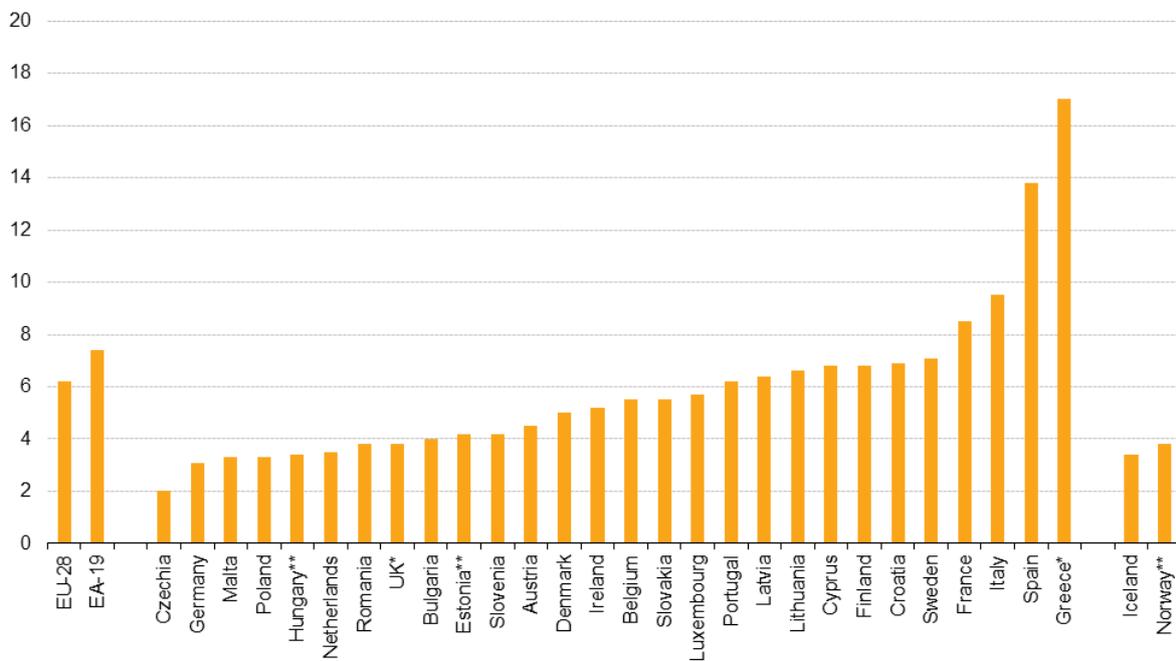
2. Employment and social policies

2.1. Background

At the height of the economic and financial crisis, the European Council devoted a great deal of attention to the issue of employment, and especially to the employment of young people, most severely hit by the effects of the crisis. Despite a rise in overall employment levels since 2014, the situation on the job market still varies widely between Member States while youth unemployment remains an issue of concern across the EU. As a result, employment and social issues, temporarily put aside due to the migration and refugee crises, resurfaced on the European Council agenda in 2016.

Figure 2: Unemployment rates, seasonally adjusted, August 2019 (%)

Unemployment rates, seasonally adjusted, August 2019



Source: Eurostat (online data code: une_rt_m)

* June 2019 ** July 2019

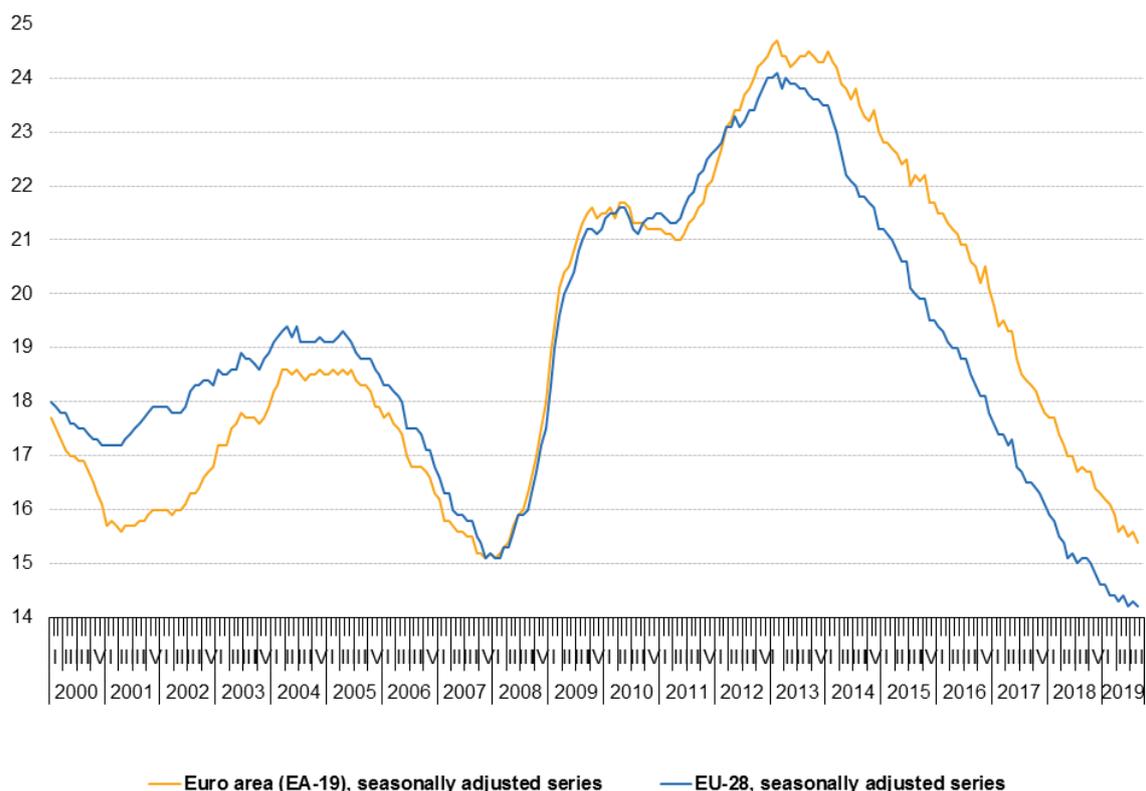
eurostat

Source: [Eurostat](#).

According to Eurostat figures, in August 2019, the euro area (EA19) seasonally-adjusted unemployment rate stood at 7.4 %, while the EU28 unemployment rate was 6.2 %. Youth unemployment rates are generally much higher than the rates for all ages, sometimes even more than double. In August 2019, the youth unemployment rate was 14.2 % in the EU-28 and 15.4 % in the euro area. The lowest youth unemployment rates were observed in Czechia (5.1 %), Germany (5.7 %) and the Netherlands (6.9 %), while the highest were recorded in Greece (33 % in the second quarter of 2019), Spain (32.2 %) and Italy (27.1 %).

Figure 3: Youth unemployment rates, EU-28 and EA-19, seasonally adjusted, January 2000-August 2019 (%)

Youth unemployment rates, EU-28 and EA-19, seasonally adjusted, January 2000 - August 2019



Source: Eurostat (online data code: une_rt_m)

eurostat 

Source: [Eurostat](#).

In the framework of the [European Semester](#), the European Council began monitoring annual EU level progress on the [targets](#) set by the [Europe 2020 strategy](#), the EU's agenda for growth and jobs for the current decade. The strategy, adopted at European Council level in 2010, includes targets in social and employment areas as well as in education (see also point D.3). Between 2010 and 2013, the European Council agreed on a number of initiatives aimed at encouraging job creation, notably measures targeted at young people to improve their access to the labour market and increase their mobility, such as the [Youth Guarantee](#), the [Youth Employment Initiative](#) and the [European Alliance for Apprenticeships](#). After a period of only limited attention being paid to social and employment issues between 2013 and 2016, the political debate on the future of Europe launched by the EU 27 leaders (without the United Kingdom (UK)), following the latter's decision to leave the EU, has given these issues new momentum. The process began with the [Bratislava Declaration](#) of 16 September 2016, and culminated in the signing of the [Rome Declaration](#) on 25 March 2017, which promoted the issue of a 'social Europe [...], which fights unemployment, discrimination, social exclusion and poverty' as one of the EU's four priorities for the next 10 years.

The European Pillar of Social Rights (Social Pillar) is the most recent attempt to galvanise support for an ambitious [EU social agenda](#), in an effort to address the protracted consequences of the financial and economic crises, which have led to long-term unemployment and poverty across many parts of Europe. The [Social Pillar](#) outlines 20 'principles' and 'rights' essential for the future development of EU labour markets and welfare systems and aims to foster convergence among Member States towards better working and living conditions. The Social Pillar was [proclaimed](#) at the highest level by the European Parliament, the Council and the Commission alongside EU leaders at the Gothenburg Social Summit for Growth and Jobs (Social Summit) on 17 November 2017.

2.2. Legal basis for European Council action in employment and social policies

- **Article 9 of the Treaty on the Functioning of the European Union (TFEU):** The European Council, when fulfilling its Treaty role of 'defining general directions and priorities' (Article 15 of the Treaty on European Union (TEU)), will need to 'take into account requirements linked to the promotion of a high level of employment, the guarantee of adequate social protection, the fight against social exclusion, and a high level of education, training and protection of human health', as provided for in Article 9 TFEU.

Employment policy

- **Article 148(1) TFEU:** 'The European Council shall each year consider the employment situation in the Union and adopt conclusions thereon, on the basis of a joint annual report by the Council and the Commission'.
- **Article 148(2) TFEU:** 'On the basis of the conclusions of the European Council, the Council, on a proposal from the Commission and after consulting the European Parliament, the Economic and Social Committee, the Committee of the Regions and the Employment Committee referred to in Article 150, shall each year draw up guidelines which the Member States shall take into account in their employment policies. These guidelines shall be consistent with the broad guidelines adopted pursuant to **Article 121(2)**'.
- **Article 148(5) TFEU:** 'On the basis of the results of that examination, the Council and the Commission shall make a joint annual report to the European Council on the employment situation in the Union and on the implementation of the guidelines for employment'.

Social policy

- **Article 48 TFEU:** '[...] Where a member of the Council declares that a draft legislative act referred to in the first subparagraph would affect important aspects of its social security system, including its scope, cost or financial structure, or would affect the financial balance of that system, it may request that the matter be referred to the European Council [...]'.
- **Article 152 TFEU:** 'The Union recognises and promotes the role of the social partners at its level, taking into account the diversity of national systems. It shall facilitate dialogue between the social partners, respecting their autonomy. The Tripartite Social Summit for Growth and Employment shall contribute to social dialogue'.
- **Council Decision (EU) 2016/1859 of 13 October 2016, Article 4:** The [Tripartite Social] Summit shall be chaired jointly by the President of the European Council and the President of the Commission, with the participation of the current Council Presidency.

2.3. Strategic orientations

➤ Europe 2020 strategy: targets for reducing unemployment, poverty and social exclusion

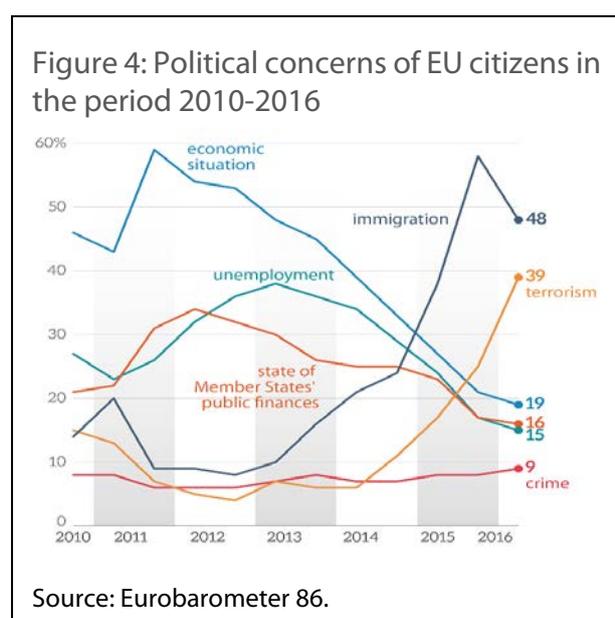
The strategy sets five EU-wide targets to fulfil by 2020, among which [three](#) are in the areas of employment, education, poverty and social exclusion. More specifically, [these targets](#) are to: raise the employment rate of people aged between 20 and 64 to 75 %; to lift at least 20 million people out of poverty and/or social exclusion; reduce early school leaving by 10 % and ensure that at least 40 % of 30-34 year-olds complete tertiary education. [Progress](#) has been made in [some of these areas, for instance in education](#), however additional efforts are still needed in alleviating poverty and improving youth employment rates.

➤ Developing the social dimension of the Union: addressing the consequences of the crisis

In the aftermath of the global financial crisis, the [European debt sovereign crisis](#) broke out in 2009 involving a number euro area countries. The [effects of the crisis](#) in terms of rising unemployment and poverty levels has impacted social systems and is putting social cohesion and inclusion in European societies at risk. It is in this context, that the December 2012 European Council called for the social dimension of economic and monetary union (EMU) to be strengthened, 'for Europe to remain a highly competitive social market economy and to preserve the European social model'. To this end, the President of the European Council, in cooperation with the President of the Commission, and after consulting Member States, called for the development of appropriate indicators within the European Semester to improve the monitoring of employment and social issues across Member States. The resulting scoreboard has been included in the European Semester since 2014.

➤ A social Europe: strategic priority in the debate on the future of Europe

At the Bratislava summit on 16 September 2016, EU 27 leaders agreed on a number of short-term objectives to fulfil over the following months. They pledged to work towards 'a promising economic future for all', safeguarding 'our way of life' and providing 'better opportunities for youth'. A number of concrete measures were thus to be taken in each of these areas including, notably, decisions on fighting youth unemployment and ensuring support for programmes dedicated to young people.



Although youth unemployment was included among the objectives that EU leaders prioritised following the Bratislava summit, it was not a standalone objective but rather was included under economic and trade issues. This reflected the [three](#) main concerns of EU citizens in 2016, migration, security and the economy. While in 2012, employment and social issues were addressed in the context of discussions on the completion of the EMU, and in 2016, at the Bratislava summit along with economic and trade issues, the 2017 Rome Declaration promoted a 'social Europe' to one of the four strategic priorities of the EU for the years ahead. EU leaders put the issue of youth unemployment at the top of the agenda and pledged to work towards 'a Union that fights unemployment [...] social exclusion and poverty [...]'.

➤ Gothenburg Social Summit: upwards convergence in working and living conditions

The November 2017 Gothenburg Social Summit followed up on the pledges made in Rome and solemnly proclaimed the European Pillar of Social Rights. On the margins of the Social Summit, the Heads of State or Government also addressed education and culture issues on the basis of a [note](#) circulated beforehand by European Council President Donald Tusk, which highlighted their key role in building inclusive and cohesive societies. President Donald Tusk stressed that the [outcome](#) of the summit and of the leaders' discussion would be reflected in the conclusions of the following European Council meeting.

Education is not a topic that appears frequently on the European Council agenda, but in December 2017, the Heads of State or Government discussed social and education issues. They emphasised that, although Member States remained primarily responsible for these areas, much could be achieved by working together. Promoting 'convergence through efforts at all levels' was a key element throughout the text of the conclusions. Quality education and training are the [most effective ways](#) to promote social and professional development, improve employability prospects and prevent social exclusion.

2.4. Noteworthy commitments: specific requests, and follow-up

2.4.1. European Pillar of Social Rights

European Commission President Jean-Claude Juncker laid out his vision for a Social Pillar in his first State of the Union address in 2015. The [proposal](#) was published in April 2017 and was primarily addressed to euro area countries, while equally open to countries outside the euro area. The Social Pillar is [designed](#) to serve as a 'compass for a renewed process of upward convergence towards better working and living conditions in the European Union'.

The [December 2017 European Council](#) initiated first steps for the implementation of the Social Pillar at Union and Member State level 'with due regard' to 'their competences'. It also invited the Commission to propose appropriate monitoring for its implementation. Thus, in March 2018, the Commission [proposed](#) a series of measures: 1) embedding Social Pillar principles within the European Semester; 2) providing technical assistance, supporting benchmarking and the exchange of good practices and 3) screening employment and social performances through a new [social scoreboard](#) replacing the 2013 scoreboard.

At EU level, the Social Pillar [will be implemented](#) through legislative and non-legislative measures, with an emphasis placed on the enforcement of the existing [social acquis](#), to be updated where necessary. The 2017 Social Pillar proposal was indeed accompanied by legislative proposals on [work-life balance for parents and carers](#) and [transparent and predictable working conditions](#), as well as a [Council Recommendation on access to social protection](#) for workers and the self-employed. The first two have already entered into force as of August 2019, whereas on the latter, an agreement was reached at the December 2018 Council on Employment, Social Policy, Health and Consumer Affairs. The proposals aim to respond to labour market changes, for instance digitalisation, cover all workers, in all forms of work, and ensure equal access to social protection, specifically for categories of people most at risk, e.g. young people who have been significantly affected by the crisis.

The December 2017 European Council called for progress on pending social files as well as on initiatives included in the 2019 Commission work programme. As early as March 2018, the European Council invited the Council to examine the initiatives presented by the Commission under the [Social Fairness package](#). The Social Fairness package supports the implementation of the Social Pillar and

consists of: 1) a proposal for setting up a [European Labour Authority](#) (ELA),¹ a new body designed to strengthen cooperation between labour market authorities and help prevent infringements of EU and national labour law; 2) a [Council Recommendation](#) to [improve access to social protection](#) for workers and the self-employed, and 3) a legislative proposal on a [European social security number](#). The ELA regulation entered into force on 31 July 2019 and the new agency will be based in Bratislava. A proposal on a [European social security number](#), expected before 1 July 2018, has still not been released.

2.4.2. Fighting youth unemployment

Following up on objectives set at the Bratislava Summit, the 2016 December European Council called for the continuation of the [Youth Guarantee](#), adopted in 2013, and welcomed the increased support for the Youth Employment Initiative (YEI). Back in December 2012, the European Council called on the Council to adopt a [Recommendation](#) setting up the Youth Guarantee, which in the meantime all Member States have committed to implement. The objective of national Youth Guarantee schemes is to ensure that all young people under the age of 25 years receive either an offer of employment, continued education, or an apprenticeship/traineeship within four months of becoming unemployed or leaving formal education.

In its [conclusions](#) on the multiannual financial framework of 8 February 2013, the European Council decided to create a dedicated funding instrument, the [YEI](#). In June 2017, the Council and the Parliament [agreed](#) to [increase](#) the YEI budget by €2.4 billion for the 2017 to 2020 period.² Following the [evaluation](#) of the Youth Guarantee, more effort will be needed to reach young people particularly those at risk of social exclusion e.g. young people facing multiple barriers to entering the labour market (poverty, social exclusion, disability and discrimination).

2.4.3. Support for programmes dedicated to youth

The December 2016 European Council called for work to be taken forward on Commission [initiatives](#) dedicated to [youth](#), including those on mobility, [education](#), and skills development. In its [December 2016 communication](#), the Commission focused on the urgent need to invest in Europe's youth by providing better education and training opportunities and thus facilitating their access to the labour market. Following up on the Rome summit where EU leaders committed to a Union 'where young people receive the best education and training and can study and find jobs across the continent', the [December 2017 European Council](#) called on Member States and EU institutions to take forward a number of priority issues. These include, notably, facilitating the recognition of academic diplomas, stepping up youth mobility, and improving digital skills and language learning. A number of [initiatives](#) have since been launched or are currently under implementation at EU level.

2.5. Challenges ahead and outlook

Despite ambitious legislative proposals accompanying it, [experts](#) note that the Social Pillar remains, essentially, a soft law instrument without legally binding force; moreover, its implementation will be monitored through the European Semester, which has only a [weak enforcement mechanism](#).

¹ The European Labour Authority should: 1) facilitate access to information on rights and obligations in cases of cross border mobility for employees, employers and national administrations, 2) support coordination between Member States in the cross-border enforcement of relevant EU law, 3) mediate between Member State authorities in order to resolve cross-border disputes between them, and 4) facilitate solutions in case of labour market disruptions.

² The Youth Employment Initiative [budget](#) amounts to €8.8 billion. Half of that amount comes from a dedicated Youth Employment budget, which requires no co-financing at national level. The other half comes from the European Social Fund and Member States need to top it up with their own financial contributions.

Member States, social partners and civil society remain the key actors in the delivery of the Social Pillar as they are the one having the competences and necessary tools to translate the proclamation of the Social Pillar into concrete implementation on the ground. In the European Council's [strategic agenda 2019-2024](#), adopted in June 2019, EU leaders restated their commitment to the implementation of the Social Pillar at both EU and Member State level.

While the youth unemployment rate has decreased since 2013, it is still [more than twice](#) the general unemployment rate; therefore in the view of the European Parliament, support for young people [must be maintained](#). In the strategic agenda, EU leaders acknowledge that inequalities affecting young people today 'pose a major political, social and economic risk' with 'generational, territorial and educational divides developing'. Therefore, the negotiations on the next multiannual financial framework will be critical in securing the necessary financial resources to implement the Social Pillar as well as ensuring 'adequate social protection and inclusive labour markets' for all. While the negotiations on the next EU budget will undoubtedly be difficult given the current challenges facing the Union, it is of paramount importance that Heads of State or Government honour their pledges by supporting an EU budget able to deliver on the political agenda outlined in Bratislava and Rome.

3. Competitiveness

3.1. Background

The global financial and economic crisis, which began in 2008, resulted in slow growth, a steep drop in investment and, consequently, high unemployment rates across most of the EU. The need to boost growth and create jobs has therefore featured high on the European agenda, guided by the [Europe 2020 strategy](#). Endorsed by the [European Council in June 2010](#), this broad strategy aims to boost employment levels and research and development spending as well as reduce greenhouse gases emissions and alleviate poverty. 'Member States must now act to implement these policy priorities at their level', said the leaders in 2010. An important instrument in this context is the [European Semester](#), through which, based on strategic guidance by the European Council, the Member States coordinate their economic policies.

The pace of recovery after the worst of the crisis had passed was, however, relatively uneven and high unemployment remained a concern in a number of Member States. For this reason, in June 2014 at the start of the institutional cycle, the European Council established the '[Strategic agenda for the EU in times of change](#)' for the next five years, in which it identified a number of major challenges, including: 'slow growth, insufficient public and private investment, and a lack of competitiveness'. According to [economic analysis](#), weak investment after the crisis led to fragile recovery, holding back growth and employment. To address these challenges, the Heads of State or Government stressed that the EU should:

- boost investment by mobilising the right mix of private and public funding for long-term projects and by facilitating access to finance for small and medium-sized enterprises (SMEs). The European Council recognised in December 2014 that 'fostering investment and addressing market failure in Europe' was a key policy challenge;
- fully exploit the potential of the single market, including the digital single market, which is, as stressed at the December 2015 European Council, 'Europe's main engine for growth and job creation and a key to investment and increasing European competitiveness';
- make economic and monetary union a factor of stability and growth, by strengthening euro area governance and economic policy coordination (see chapter 1 for details).

The [10 priorities](#) of the European Commission, [set out](#) in advance of the European Parliament's vote on 15 July 2014 that saw Jean-Claude Juncker elected as its president, closely mirror those of the European Council.

The measures envisaged aim to ensure the removal of all remaining barriers to products and services in the single market, create an integrated digital single market in order to unlock the full potential of new technologies and new forms of business, and establish a capital markets union, securing businesses better access to finance. Together with the launch of the [Investment Plan for Europe](#) and improved economic governance in the framework of the European Semester, the implementation of these three single market strategies is expected to lead to increased competitiveness of the European economy, boosting growth and jobs.

The Heads of State or Government also recognised the challenge of big data and the need to ensure data protection, cybersecurity and the development of high-capacity networks, if the EU wants to develop the data economy and make full use of the opportunities offered by artificial intelligence. One of the biggest economic disruptions in the coming years, on a par with the introduction of the internet in the 1990s, will be the deployment of machine learning and the automation of jobs. A recent [study](#) estimates that 'between 400 million and 800 million individuals could be displaced by automation and need to find new jobs by 2030 around the world'.

The Tallinn Digital Summit in September 2017 underlined the commitment of Heads of State or Government to addressing the challenges of digitalisation. After the summit, the President of the European Council, Donald Tusk, [said](#): 'We held this summit because Europe must use the opportunities created by huge advances, in everything from robotics to artificial intelligence. We need to actively shape our future and manage the risks posed by the digital revolution to our societies and democracies'.

In this way, in the years immediately following the outbreak of the global economic and financial crisis, macroeconomic issues, as well as measures aimed at boosting growth and investment and completing the European single market, were – according to a [study](#) commissioned by the European Parliamentary Research Service – highly prominent themes on the European Council agenda. Many of the policy decisions aimed at resolving the crisis were notably taken at the level of the Heads of State or Government. Since 2014 however, attention given to strictly economic topics has declined, while the debate on the European single market has shifted towards completion of the digital single market as well as other single market strategies, including issues of data protection and taxation. Nevertheless, although still present on the EU leaders' meeting agendas in recent years, economic and single market topics have been overshadowed by an unprecedented focus on migration.

New strategic agenda 2019-2024

To prepare the ground for the adoption of the EU's strategic agenda for the 2019-2024 period, the Heads of State or Government held an [in-depth debate](#) in March 2019 on strengthening the economic base of the EU. They called for a stronger single market, with particular emphasis on the deepening of the [capital markets union](#), the development of service economy and mainstreaming of digital services. A stronger single market should also be accompanied by 'an assertive industrial policy' allowing the EU to remain an industrial power complemented by a competition policy addressing the distortive effects of foreign state ownership and state-aid financing in the single market.

The European Council conclusions did not go into much detail as to how to achieve these goals. The aim of the March debate was rather to lay the groundwork for the strategic agenda, adopted at the June 2019 European Council, which reiterated these objectives. 'In a world where common rules and standards are increasingly questioned', it puts high emphasis on the promotion of a level playing field, including in the area of trade. The agenda specifies that the EU would 'continue to update our European competition framework to new technological and global market developments'.

3.2. Legal basis for European Council action in competitiveness

Decision-making in the areas of the single market, the digital single market and the capital markets union and some aspects of economic governance falls under the ordinary legislative procedure (formerly referred to as co-decision), with the European Parliament and the Council of the EU acting as co-legislators. Structural reforms and general economic policies, however, are coordinated through assessment of [the national reform programmes](#) with the help of economic analysis and forecasts.

Under Article 121(2) of the [Treaty on the Functioning of the European Union](#): 'The European Council shall, acting on the basis of the report from the Council, discuss a conclusion on the broad guidelines of the economic policies of the Member States and of the Union'.

European Semester

The latest broad economic policy guidelines, reflecting the conclusions of the European Council, were adopted as [Council recommendations](#) in 2015 for the following three years. They form the basis for [the national reform programmes](#), in which Member States outline measures to achieve their [Europe 2020](#) targets.

These documents, along with stability (for euro area countries) and convergence (for non-euro area countries) programmes feed into [the European Semester](#), where the Member States, in the first six months of the year, align their budgetary and economic policies with the objectives and rules agreed at EU level (see [this study](#) for the track record on implementation).

The European Council plays an important role in this process, which ends with the Council issuing [country-specific recommendations to Member States](#):

- early in the year, usually in March, the European Council 'identifies the main challenges facing the Union and the euro area and gives strategic guidance on policies [...] Member States should take into account the horizontal guidance by the European Council.' (Recital 14, [Regulation \(EU\) No 1175/2011](#) on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies);
- on the basis of national reform programmes, the Commission drafts country-specific recommendations; before the Council finally adopts them, usually in July, the European Council endorses them, usually in June.

3.3. Strategic orientations

Following up on the main orientations defined in the 2014 [Strategic Agenda for the EU](#), the European Council identified the following strategic priorities:

Boosting investment in Europe: European Fund for Strategic Investment (EFSI)

In order to address market failures and mobilise investment in the EU, the European Council called in December 2014, for the establishment of the [EFSI](#), the main pillar of the [Investment Plan for Europe](#). The Heads of State or Government repeatedly endorsed the plan. The EFSI helps to finance strategic investments in key areas such as infrastructure, research and innovation, education, renewable energy and energy efficiency as well as risk finance for small and medium-sized enterprises (SMEs).

Heads of State or Government also endorsed the EFSI's extension in [December 2016](#). On 1 January 2018, [EFSI 2](#) came into force. As of [September 2019](#), the EFSI is expected to trigger €433.2 billion in investment; and approximately 972 000 SMEs are set to benefit. The EFSI's target is to mobilise €500 billion by 2020.

Completing all aspects of the European single market by the end of 2018/end of the legislature

In its [conclusions from December 2015](#), the European Council called for ambition in the implementation of the Commission's [single market strategy](#). It also invited EU institutions to accelerate their work on the implementation of the [digital single market strategy](#) (May 2015) and the [action plan on capital markets union](#) (September 2015).

In order to reap all its benefits, the Heads of State or Government underlined that the legislation on the single market should be effectively and fully applied and enforced in practice, while adapting it to emerging challenges and minimising burdens on economic actors.

In June 2016, they [committed the EU](#) to completing and implementing the various single market strategies by the end of 2018. From [March 2018](#) onwards they called for the strategies to be completed before the end of the legislature.

In the [Rome Declaration](#) of March 2017, the Heads of State or Government included 'the strong, connected and developing single market, embracing technological transformation' as a part of the second priority in their commitment to establish 'A prosperous and sustainable Europe'.

Better law-making

The European Council has also systematically supported action by both European institutions and Member States towards better law-making, which is a horizontal priority strongly related to competitiveness.

3.4. Noteworthy commitments: specific requests and follow-up

Single market strategies

The European Council has been following up regularly on progress made in the implementation of the single market strategies, which it describes as 'Europe's main engine for growth and job creation and a key to investment and increasing European competitiveness'.

In contrast to the digital single market agenda and the capital markets union action plan, the Heads of State or Government did not go into much detail with regard to issues included in the single market strategy. They did, however, highlight the need to remove barriers in the field of services, e.g. through the introduction of a services passport, and called for a stronger industrial policy.

In June 2017, the European Council welcomed the Commission's mid-term reviews of the [digital single market strategy](#) and the [capital markets union action plan](#), and reiterated its previous commitment to completing the three single market strategies by the end of 2018. From March 2018 onwards, however, the Heads of State or Government have called upon the co-legislators to deliver on the strategies before the end of the legislature.

Digital single market

Reducing the current fragmentation of the European market and unlocking its full potential by notably embracing new technologies and adapting to new forms of business, including collaborative and digital economies, are core priorities for the European Council. In May 2015, the Commission launched the [digital single market strategy](#), which the European Council [endorsed in June 2015](#).

[At the June 2016 European Council](#), the leaders took stock of the progress achieved in the digital single market area and reiterated that the EU should focus primarily on the immediate benefits that the digital single market would bring to consumers and businesses.

That is why [the June 2016 European Council](#) set a focus on specific files and policies, and called for swift and determined progress to bring the full benefits of the digital single market to all stakeholders. Since then, the Council and European Parliament have adopted legislation on the following digital single market issues highlighted by the European Council:

- [cross-border portability](#), so that EU residents can access abroad the digital content they have purchased or subscribed to at home ([Regulation](#));
- removal of barriers to e-commerce, including unjustified [geo-blocking](#), so that online customers can access and purchase a product or service from a website based in another Member State ([Regulation](#));

- [cross-border parcel delivery](#), so that it is easier for consumers and businesses to compare different delivery prices across the Union ([Regulation](#));
- [modernisation of VAT systems](#); one-stop shop for e-commerce VAT registration, so that it is easier to sell goods and services across borders ([Directive](#));
- review of the wholesale roaming market; [roaming surcharges](#) were abolished in June 2017 ([Regulation](#));
- [electronic communications code](#), to make it easier for companies to roll out 5G services and invest in high-capacity networks ([Directive](#));
- the establishment of the [European High-Performance Computing Joint Undertaking](#) to coordinate EU efforts in the field ([Regulation](#));
- [reform of the audio-visual framework](#) to regulate traditional TV broadcasts and on-demand services ([Directive](#));
- [copyright reform](#) to allow copyright holders to obtain a fair share of the profit generated by exploitation of their content ([Directive](#)).

Table 1: European Council conclusions by strategy or action plan / deadlines set by the European Council, if any / adoption of legislation

Digital single market	Single market	Capital markets union
Data protection (GDPR)/ end of 2015/ April 2016	Services passport/no deadline	Securitisation/end of 2016/ December 2017
Roaming surcharges/ June 2017/ May 2017	Industrial policy/no deadline/ September 2017	Prospectus/end of 2016/ June 2017
Audio-visual framework/ end of 2017/ November 2018		
Geo-blocking/end of 2017/ February 2018		
Cross-border parcel delivery/ end of 2017/ April 2018		
Electronic communications code/ June 2018/ December 2018		
Free-flow of non-personal data/ June 2018/ November 2018		
Cross-border digital content portability/no deadline/ June 2017		
High-performance computing/no deadline/ September 2018		
VAT for e-commerce/no deadline/ December 2017		
Copyright directive/no deadline/ April 2019		
Digital content directive/no deadline/		

(green = legislation adopted, yellow = legislation not adopted)

Source: EPRS.

At the [October 2017 European Council](#), the leaders emphasised the need to build 'a first rate infrastructure and communications network' in the EU. [The agreement on the electronic communications code](#), which aims to make it easier for companies to roll out 5G services and invest in high-capacity networks, is an important step in this direction, as is the establishment of the [European High-Performance Computing Joint Undertaking](#) in 2018.

The European Council has also regularly underlined the need to deter and respond to threats to digital infrastructure as well as to protect personal data online. With the adoption of the [General Data Protection Regulation \(GDPR\)](#) in April 2016, the EU equipped itself with state-of-the-art legislation to safeguard citizens' rights in the digital era. In the cybersecurity domain, [the Directive on the security of network and information systems \(NIS\)](#) now allows Member States to closely track and monitor attacks on essential network infrastructure and to respond.

Building on discussions at the [Tallinn Digital Summit](#) in September 2017, [the October 2017 European Council](#) again committed the EU to completing the digital single market by the end of 2018. They also called for action to:

- bring governments and public sectors fully into the digital age;
- build a first rate infrastructure and communications network;
- adopt a common approach to cyber security;
- step up efforts to combat terrorism and online crime; and
- achieve an effective and fair taxation system fit for the digital era.

Big data

To compete successfully in the big data era, the EU needs to make it easier for companies to access vast amounts of data; and huge computing power is needed to process and put this data to work. The European Council has recognised both challenges: in [June 2016](#), the leaders called for the coordination of EU efforts in high-performance computing; they have also repeatedly insisted on removing barriers to the free flow of data in the EU.

The leaders again highlighted the importance of the data economy at their [informal summit in Sofia in May 2018](#). 'Data is an increasingly critical asset not only for innovation, business and growth, but above all for our daily lives,' reads the [Leaders' Agenda note 'Innovation and Digital'](#), which highlights, inter alia, the need to ensure the free flow of non-personal data in the EU and secure support for high-performance computing.

Parliament and Council followed up on these commitments in November 2018 when they adopted legislation that will [ban restrictions on data localisation](#), thereby removing barriers for data storage and processing services, such as cloud computing. The Commission, on the other hand, proposed to establish the [European High-Performance Computing Joint Undertaking](#); the Parliament and the Council adopted the proposal in 2018.

In its [June 2018 conclusions](#), the European Council emphasised that 'High-quality data are essential for the development of artificial intelligence', inviting the co-legislators to swiftly examine the latest data package. In February 2019, Council [approved the agreement reached](#) with Parliament on the [directive on open data and re-use of public sector information](#), opening the way to exploitation of large data sets needed for successful deployment of machine learning and artificial intelligence.

Industrial policy

Rattled by the European Commission's decision to [block the merger](#) of rail businesses owned by Germany's Siemens and France's Alstom, the two countries, in a [Manifesto for a European industrial policy fit for the 21st Century](#), called for a radical overhaul of the EU's competition policy to allow for the creation of European industrial champions. They also highlighted the need for investment in new technologies (through [InvestEU](#), [European Innovation Council](#) and [IPCEI](#)) and the development of artificial intelligence (AI) in Europe. The leaders want the Commission to present a long-term vision for the EU's industrial future by the end of 2019.

Capital markets union

As the EU's capital markets are fragmented and relatively underdeveloped, while European companies are heavily reliant on banks to fund their investments. This makes them more vulnerable at a time when banks are reluctant to lend, as happened during the financial crisis. The crisis led to a precipitous drop in investment, hurting jobs and growth.

The European Council has therefore [called repeatedly](#) for the creation of a capital markets union (CMU). This would help businesses to tap into more diverse sources of capital from anywhere within the EU. The leaders also highlighted the importance of venture capital in financing innovation as well as easier access to financial markets for companies through the simplification of prospectus requirements and rules for more efficient securitisation.

[The June 2016 European Council](#) urged the co-legislators to agree on [securitisation](#) proposals (to free up some of the banks' capital for further lending to the economy) and the simplification of [prospectus requirements](#) (to facilitate access to financial markets for companies). Council and Parliament adopted them in May and November 2017, respectively. The co-legislators also reached an agreement on [new rules for venture capital](#) (to boost investment in start-ups and innovation).

At their December 2018 and March 2019 meetings, the Heads of State or Government called for ambitious progress by spring 2019 on the capital markets union. In March and April 2019, the European Parliament and the Council adopted legislative proposals in the following areas: [SME growth markets](#), [cross-border distribution of collective investment funds](#), [covered bonds](#), [preventive restructuring frameworks](#), [clearing house rules](#) and the [European Market Infrastructure Regulation \(EMIR\)](#).

Better law-making

The European Council has systematically supported action by both European institutions and Member States to improve law-making, a horizontal priority strongly related to competitiveness. In May 2015, the Commission submitted a Better Regulation Package covering the full policy cycle, from planning and consultation in the preparatory phase to review and revision in the latter stages. This included a proposal for a new [Inter-institutional Agreement on Better Law-Making](#), which entered into force in April 2016. Closer cooperation between the institutions, in particular during the legislative planning phase, improved use of impact assessments, and increased transparency in the policy cycle are important elements of the agreement.

3.5. Challenges ahead and outlook

A competitive single market embracing digitalisation is a key element of two of the main objectives included in the Rome Declaration: 'a prosperous and sustainable Europe' and 'a social Europe'. Consequently, ensuring long-term competitiveness and the fair distribution of wealth is likely to feature prominently in the discussion on the future of the European project at EU leaders' meetings.

The EU Heads of State or Government are therefore likely to continue to highlight the importance of a fully functioning single market for increasing the EU's competitiveness and building a promising economic future for all. At their October 2017 meeting, EU leaders took a holistic stance towards digital transformation and committed to building a strong and coherent digital Europe, in line with the discussions at the Tallinn Digital Summit.

The delivery and implementation of the strategies on the capital markets union, digital single market and single market are all at the heart of this commitment. While the Heads of State or Government had at first wanted to see these strategies completed by the end of 2018, this deadline was later moved to the end of the legislative cycle (June 2019).

In November 2018, following up on the leaders' request, the Commission published [a communication](#) on the state of play regarding the implementation, application and enforcement of existing legislation that is key for the functioning of the single market and an assessment of remaining barriers to its functioning. The report stressed the need to close the delivery gap, as 44 of the 67 single market related proposals are still to be adopted by the co-legislators.

More specifically, this means that the EU will have to progress on many fronts, from digital copyright reform and ensuring privacy in electronic communication to regulation of online platforms and the taxation of digital companies. It will have to take work forward on further development of the capital markets union, for instance by ushering in pan-European pension products.

In view of the European elections, the [October 2018 European Council](#) emphasised the need for measures to combat disinformation and the dissemination of [illegal content online](#). Following this request, the Commission came up with an [action plan](#) in December 2018. EU leaders also stressed the need for the EU to beef up its cybersecurity, and urged the Parliament and the Council to wrap up negotiations on [cybersecurity proposals](#) by the end of the parliamentary term.

At the [March 2019 European Council](#), heeding the Commission's call for a 'much needed new political commitment', EU leaders held an in-depth discussion on the future development of the single market. Aiming to prepare the EU for increasing global competition, the Heads of State or Government called for action to strengthen the single market, with particular emphasis on the deepening of the [capital markets union](#), the development of a service economy and the mainstreaming of digital services.

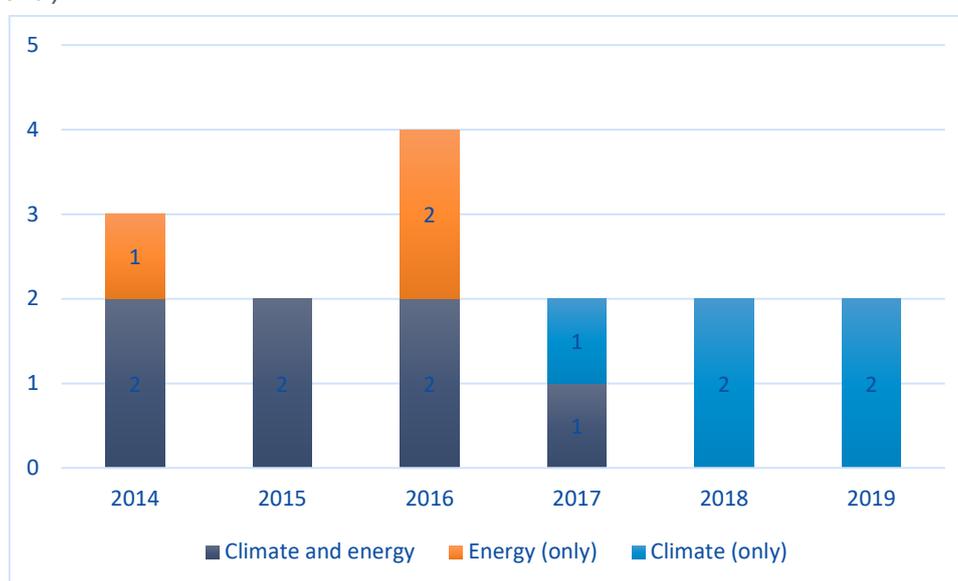
In its conclusions, the European Council invited the Commission to put forward 'a comprehensive contribution' to the 'overall discussion on strengthening the economic base of the EU' that it will hold in March 2020. It also asked the Commission to develop a long-term action plan for better implementation and enforcement of single market rules, for the same date, in close coordination with the Member States. The European Council also highlighted the importance of more risk-taking and the need to step up investment in research and innovation by offering further support to the [European Innovation Council](#) and implementing important [projects of common European interest](#) more efficiently.

4. Climate and energy

4.1. Background

Since March 2014, the European Council has addressed climate and energy regularly at its meetings, as shown in figure 1. The European Council set its long-term objectives on climate and energy in October 2014 and asked the EU institutions and the Member States to adopt the relevant legislation and to begin its implementation. In 2015 and 2016, the European Council was in monitoring mode, taking stock of progress made in implementing its 2014 targets. This monitoring mode continues to date, through increased attention paid to the fulfilment of the commitments made under the [Paris Agreement on Climate Change](#) (hereinafter, the Paris Agreement).

Figure 5: Incidence of energy and climate in the European Council conclusions (June 2014 to May 2019)



Source: EPRS.

The announcement by the US in 2017 of its intention to withdraw from the Paris Agreement led the European Council to reaffirm the EU's ambition to lead the fight against climate change. The EU leaders placed the values and principles for which the EU stands at the forefront of their climate action, including the principle of multilateralism, which is central to the [EU global strategy](#). Diverging views on the Paris Agreement introduced the risk of the EU drifting apart from its strategic ally, the US. This risk has deepened since, as opposing views have arisen, in particular on international trade (see Chapters VI and VII). Some Heads of State or Government have, as part of their interventions in the debate on the 'Future of Europe', [deplored](#) the US's intention to withdraw from the Paris Agreement and called on the EU to make sure that the agreement is implemented.

An initial group of eight Member States – France, Belgium, Denmark, Luxemburg, the Netherlands, Portugal, Spain and Sweden – advocated a more ambitious approach to fighting climate change in a [non-paper on Climate for the Future of Europe](#) released in May 2019. They called for a carbon neutral economy by 2050 and suggested that a minimum of 25 % of the EU budget be used in support of climate projects in the next MFF. Persisting differences in views mean that the June 2019 European Council conclusions mention only in a footnote that 'climate neutrality must be achieved by 2050'. The countries [reluctant](#) to commit to a date to achieve climate neutrality were Czechia, Estonia, Hungary and Poland.

Under the [strategic agenda for 2019 to 2024](#), which recognised that the EU must engage 'in an in-depth transformation of its own economy and society to achieve climate neutrality', the EU leaders identified the fight against climate change as a main priority. Furthermore, the new European Commission, based on the [programme](#) presented by its new president-elect, Ursula von der Leyen, has made climate action the top priority for the next five years.

4.2. Legal basis for European Council action on climate and energy

- **Article 15(1)TEU:** The European Council defines 'the general political directions and priorities' of the EU, including for climate and energy. The Lisbon Treaty expressly introduced an interdiction for the European Council to 'exercise legislative functions'.
- **Article 15(4)TEU:** European Council decisions on climate and energy are taken by consensus whilst Council decisions are taken by qualified majority voting (QMV) (Articles 191 and 194 TFEU).
- **Article 121 TFEU:** The European Council, following a report from the Council based on a recommendation from the Commission, shall 'discuss a conclusion on the broad guidelines of the economic policies of the Member States and of the Union'. This provision applies to the energy market, the completion of which is a perennial European Council priority.

4.3. Strategic orientations

- **The EU global strategy:** The EU global strategy confirms the EU's support for Paris Agreement implementation. It stresses the importance of unity to allow the Union to play an increasingly pivotal role on the global scene in support of countering climate change through multilateral means, including stronger cooperation within the UN. It also calls for the strengthening of the EU's resilience in different domains, including energy.
- **Climate and energy strategy:** In [June 2010](#) the European Council agreed on the [Europe 2020 strategy](#) and in [October 2014](#) on a [2030 framework for climate and energy](#). The latter document set more ambitious targets. It raised the level of greenhouse gas emissions reduction from 20 % by 2020 to 40 % by 2030 (with the reference year 1990 for emission levels). It also increased from 20 % in 2020 to 27 % in 2030 the share of renewable energy consumption and the improvement of energy efficiency. Analysts [estimate](#) that the EU is 'on track to achieve its climate and energy targets for 2020'.
- **Energy security package:** In order to meet climate and energy targets, the European Commission presented a [European energy security strategy](#) in May 2014 and an [energy security package](#) in February 2016. The European Council endorsed the package in [March 2016](#). The [energy security package](#) is aimed at: 1) addressing the risk of gas supply disruptions by introducing a solidarity principle among Member States; 2) enhancing transparency and ensuring full compliance with EU law on intergovernmental agreements having a gas security component concluded by individual Member States with third countries; 3) reducing regional disparities on access to liquefied natural gas (LNG) by building strategic infrastructure and ending 'single-source dependency of some of the Member States'; 4) decreasing the consumption of fossil fuels (estimated in 2016 to represent 75 % of buildings and industry consumption), increasing the use of renewables, and boosting energy efficiency.

4.4. Noteworthy commitments: specific requests and follow-up

Implementation of the Paris Agreement

The Paris Agreement, concluded in December 2015 at the UN Conference on Climate Change (COP21) and which [entered into force](#) in November 2016, establishes a new global climate regime from 2020 onwards. It commits signatories to limit global warming to well below 2 degrees Celsius, aspiring to keep it to 1.5 degrees above pre-industrial levels. It thus aspires to stem climate change as a global threat to security. It [encourages](#) all parties 'to put forward their best efforts through 'nationally determined contributions' (NDCs) and to strengthen these efforts in the years ahead'. Participating countries report regularly on their emissions and implementation progress, whilst collective progress, on a global scale, will be evaluated every five years.

The European Council set the implementation of the Paris Agreement as one of its main climate and energy priorities. This requires both domestic EU and international action. The two dimensions have been intertwined in the European Council conclusions for the past few years.

With respect to the EU domestic dimension, based on the European Council guidelines, the European Commission has put forward several packages of climate and energy legislation since 2015. Most of them have been adopted by the co-legislators and are currently implemented (for example, the [directive](#) 'on the promotion of the use of energy from renewable sources'). Several others, including the [electricity regulation](#) and the [electricity directive](#) have still to be adopted. The different pieces of legislation serve to meet Paris Agreement commitments but also to complete the energy union, another long-lasting commitment of the European Council.

As part of the future of Europe debate, the Prime Minister of the Netherlands, [Mark Rutte](#), stated that the current EU commitment to reducing greenhouse gas emissions by 40 % by 2030 was insufficient to fulfil the Paris Agreement target of keeping global warming below 2 degrees Celsius. He has instead proposed a collective EU Member States effort of 55 % greenhouse gas emissions reduction by 2030. There is, for the moment, [no consensus](#) among the EU Member States on setting more ambitious CO₂ reduction targets for 2030 and beyond as long as the existing ones are not swiftly implemented. The [non-paper on climate](#), supported, initially, by eight EU Member States, stresses the importance of setting ambitious targets (for example, reducing to zero net greenhouse gas emissions by 2050) and of working towards achieving them swiftly.

As far as the external dimension is concerned, from early 2015 onwards the European Council followed the progress of negotiations held in relation to the COP21 in Paris very closely. In [March 2015](#), the European Council called for 'strong coordinated action through active European climate diplomacy ahead of the COP21 in Paris'. The principle of active European diplomacy on climate has been pursued constantly ever since, with the Foreign Affairs Council (FAC) adopting successive sets of conclusions. In its February 2016 [conclusions](#), the Foreign Affairs Council agreed on the main lines the EU was to pursue in its efforts to counter climate change; it was to do so in close cooperation with international partners in a multilateral framework, including through development cooperation mechanisms and regular diplomatic dialogue. In 2018, EU climate diplomacy action efforts focused on the [Talanoa Dialogue](#) conducted under the auspices of the UN in preparation for the [COP24](#) in Katowice in December 2018. In Katowice, a ['rulebook'](#) on implementing the Paris Agreement was finally [agreed](#), which the European Council acknowledged in its [December 2018](#) conclusions. It has also committed to provide further guidelines on 'the overall direction and political priorities' of EU's climate action in 2019.

Energy security

As early as 2011, the European Council [identified](#) security in energy supply as a key element for the EU's overall security and stressed the importance of coherent EU external action in the field of energy. It also called for increasing transparency towards the EU institutions and other Member States when one country is negotiating a cooperation agreement on a bilateral basis with third countries. Two years later, in 2013, the Heads of State or Government [recognised](#) the importance of diversifying energy sources, including types and suppliers, in order to reduce external dependency risks.

The emergence of the crisis in Ukraine in 2014 led the European Council to consider energy security at several of its meetings that year. It reiterated its previous calls for 'energy dependency reduction', stressed the importance of maintaining affordable energy prices, and mandated the European Commission to explore means to address the energy dependency challenge. In response, in 2014 the European Commission presented the European energy security strategy and, more recently, in 2016, the 2030 framework for climate and energy and the energy package (see point C).

The formulation and implementation of energy policy remains in the hands of EU Member States. Diverging views persist on the way forward in the diversification of energy supply sources. Speaking in the context of the future of Europe debate, [several](#) Heads of State or Government have outlined the importance of reducing energy dependence by augmenting the share of domestic renewable energy and other types of energies with a low carbon footprint. Polish Prime Minister [Mateusz Morawiecki](#) has openly challenged the Nord Stream 2 project, pointing at the high risk of increasing dependency on Russia. His colleague, [Andrej Plenković](#), Prime Minister of Croatia, has stressed the strategic importance of energy supply diversification, including through liquefied natural gas (LNG) terminals like the one Croatia is currently building on the island of Krk.

Experts [consider](#) the multiplication of liquefied natural gas terminals (LNG), also envisaged by the European Council in its March 2014 conclusions, as a means to diversify supply sources and mitigate existing dependency risks. Forecast analyses for the period beyond 2020 [show](#) that the US and Australia will become the main LNG exporters. LNG currently comes at a [higher](#) cost than natural gas supplied through pipelines.

EU Member States individually and collectively are net importers of energy products. The products they [import](#) most are crude oil (70 %) and natural gas (20 %). In both cases, Russia remains the main external partner with a share of 40.6 % of total external imports of natural gas and 28 % of total external imports of crude oil (figures for the first semester of 2018). It is followed by Norway as the second main supplier, with 38.8 % of natural gas imports and 11 % of crude oil.

4.5. Challenges ahead and outlook

Climate change, a top priority for the 2019-2024 strategic agenda, is likely to remain an important issue on the European Council agenda in the years to come. Some Member States have explicitly called for a more ambitious approach to fighting climate change and the challenge of building consensus on this issue will, most likely, fall on the next President of the European Council, Charles Michel.

Climate change and energy security represent two major security threats the EU will need to face in the next decade, whilst, at the same time, assessing them in relation to other important threats the Union will be confronted with in the coming years. A fine balance between climate diplomacy action and energy security preservation will have to be articulated in an increasingly volatile geopolitical environment, where the EU will have to preserve its strategic transatlantic partnership and face an increasingly assertive Russia.

5. Freedom, security and justice

5.1. Background

The European Council has an important strategic role in the area of justice and home affairs (JHA),³ including on the issues of immigration, asylum, border protection, police and judicial cooperation, which are now discussed regularly at meetings of Heads of State or Government. This was not always the case. Cooperation at EU level in the field of JHA was not originally envisaged in the Treaty of Rome; and this policy area was one of the last in which the EU received legislative competences. Only since the entry into force of the Maastricht Treaty in 1993 have JHA issues been discussed at EU level, however in intergovernmental format. The [Tampere European Council](#) of 15 to 16 October 1999, devoted exclusively to JHA, was crucial for the development of this EU policy area, as the objective of creating an EU area of freedom, security and justice was then placed at the 'very top of the political agenda'. The European Council's role in reaching this objective was [enshrined](#) in the Lisbon Treaty, which also introduced the ordinary legislative procedure for all aspects of the JHA area. However, while the use of qualified majority voting in the Council applies in this area, the Council normally prefers to decide by consensus, and sometimes, mainly for controversial topics, refers the legislative matter to the European Council, in order to unblock issues that the Council is unable to agree on (see below).

JHA issues are the subject of increased attention at European Council meetings both because its role in this area has been strengthened in the treaties, and because many of the issues touch on core competences of the nation state (e.g. providing security for citizens, protecting external borders), meaning that Member States wish to deal with them at the highest level.

Another important reason for the prominence of these topics is crisis-related. Following the terrorist attack on 'Charlie Hebdo' in January 2015, and subsequent numerous terrorist attacks on European soil, together with the outbreak of the migration crisis in 2015, migration and internal security have been the main JHA policy areas addressed by the European Council. Two examples of Heads of State and Government devoting significant attention to these issues are the informal European Council [meeting](#) of 12 February 2015, and the extraordinary European Council [meeting](#) of 23 April 2015 on migration.

5.2. Legal basis for European Council action in JHA

Together with the common foreign and security policy (CFSP), this is the policy field in which the European Council is most often mentioned in the Treaties, and its policy-making role is most frequently recognised.

While the European Council 'shall not exercise legislative functions' (Article 15(1) TEU), a special procedure can be found in Article 82(3) TFEU and Article 87(3) TFEU, which provides the possibility for any Member State to request that a draft directive, in the area of criminal justice or police cooperation respectively, be referred to the European Council. In that case, the discussion in the European Council would need to lead to a consensus rather than qualified majority voting (QMV) in the Council.

³ The terms 'justice and home affairs' (JHA) and 'area of freedom, security and justice' will be used interchangeably.

Table 2: Treaty articles on the role of the European Council in the area of freedom, security and justice

Treaty article	Topic	Action /role
68 TFEU	Area of freedom, security and justice	Define the strategic guidelines for legislative and operational planning.
82(3) TFEU	Criminal justice system	Refer a draft directive to the European Council to be decided by consensus.
86(1) TFEU	European Public Prosecutor's Office (EPPO)	Refer a draft directive for establishing the EPPO to the European Council to be decided by consensus.
86(4) TFEU	European Public Prosecutor's Office (EPPO)	Adopt a decision to extend the powers of the EPPO to include serious crime having a cross-border dimension.
87(3) TFEU	Police cooperation	Refer a draft directive to the European Council to be decided by consensus.
222 TFEU	Solidarity clause if a Member State is the object of a terrorist attack or other disaster	The European Council shall regularly assess the threats facing the Union in order to enable the Union and its Member States to take effective action.

Source: EPRS.

Article [68](#) TFEU, in particular, gives the European Council an important role in the area of freedom, security and justice, mandating it to define the strategic guidelines for legislative and operational planning within this area.

5.3. Strategic orientations

Using its new treaty based role in the area of JHA, the European Council of 10-11 December 2009 adopted the five-year [Stockholm programme](#) in this area, in order to achieve one of the EU's key objectives, namely to build an area of freedom, security and justice without internal frontiers. Subsequently, in pursuit of this strategic role, at its meeting of 26-27 June 2014, the European Council [defined](#) the 'strategic guidelines for legislative and operational planning' within the area of freedom, security and justice for the coming years. At the same meeting, Heads of State or Government also agreed on the strategic agenda of key priorities for the next five years, entitled the 'strategic agenda for the union in times of change'. Regarding the [area of freedom, security and justice](#), they set the following priorities:

- to improve all aspects of migration management;
- to prevent and combat crime and terrorism; and
- to improve judicial cooperation among EU countries.

Migration and internal security have been the main policy areas in the field of JHA to have been addressed by the European Council. Since June 2014 various key strategic documents addressing migration, internal security or both have been adopted, all of which were either issued, requested or endorsed by the European Council.

The [Bratislava, Rome and Sibiu](#) Declarations, in particular, highlighted the focus Heads of State or Government were placing on the issues of migration and security. Of the three main priorities identified in the Bratislava agenda, two were migration and (internal and external) security. This also reflected the priority topics for EU citizens at the time. The most recent standard [Eurobarometer](#) (from June 2019) indicates that migration remains the biggest concern for European citizens, with

terrorism among the top five concerns, having been number two for many years. Therefore, the pledge made by EU Leaders in the Sibiu Declaration that they would 'protect [their] citizens and keep them safe' was not surprising. This focus on 'protecting citizens' was then cemented in the [2019-2024 strategic agenda](#), with the 'protecting citizens and freedoms' priority elevated to the top priority of EU Leaders for the EU.

Justice was the policy area in the JHA cluster most reduced under the new strategic agenda in comparison to the 2014-2019 strategic agenda. The policy issues included in the latter, 'improved judicial cooperation', 'strengthening Eurojust', 'mutual recognition of judgments' and 'tackling corruption', were not maintained in the new strategic agenda; and the only new addition is 'the rule of law'.

Figure 6: Key strategic documents regarding migration and/or internal security since June 2014



Source: EPRS.

5.4. Migration

5.4.1. European Council attention to migration

Migration has dominated the European Council agenda since the outbreak of the migration crisis in 2015. Between January 2015 and October 2018, EU28 Heads of State or Government discussed migration at 20 of their 24 formal and informal meetings, including the [meeting](#) of Heads of State or Government under the 'Leaders meeting' format [established](#) under the [Leaders' agenda](#). The idea of this format is that instead of striving to find a consensus on draft conclusions regarding highly

charged issues, leaders first discuss the topic in an open, free-flowing debate at an informal Leaders' meeting, and then return to it at a future European Council meeting, with a view to reaching agreement.

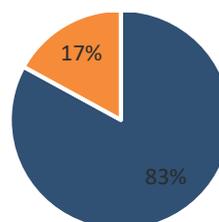
Additionally, EU leaders discussed migration with leaders of third countries and strategic partners at the [High-level Conference on the Eastern Mediterranean – Western Balkans Route](#) on 8 October 2015, the [Valletta summit](#) on 11-12 November 2015 and the [EU-Turkey summit](#) on 29 November 2015.⁴

5.4.2. Strategic orientations

Since June 2014, the European Council has issued and endorsed numerous strategic documents (see figure 2) that address migration, either exclusively or as part of a wider EU strategy. Following the outbreak of the migration crisis, migration was permanently on the agenda of European Council meetings, which led to the development of what is [referred](#) to in the European Council conclusions as a 'comprehensive approach on migration'. Over the course of the migration crisis, European Council attention went through different [phases](#), from 'saving lives at sea', to closing the Western Balkans route, to focusing on external border protection. Over time, elements continue to be added to the EU strategy on migration, such as fighting smugglers, ensuring returns, reforming the Common European Asylum System (CEAS), strengthening EU-level instruments (e.g. the European Border and Coast Guard (EBCG) and the Asylum Agency), concentrating on the central Mediterranean and supporting North African countries.

In 2016, as part of the Bratislava Declaration and Roadmap, the Heads of State or Government vowed 'never to allow return to the uncontrolled flows of last year and further bring down the number of irregular migrants'. Their other objectives were to ensure full control of the EU's external borders and to broaden the consensus on a long-term migration policy based on the principles of

Figure 7: European Council meetings 2015-2018 discussing migration



■ Migration discussed ■ Migration not discussed

Source: EPRS.

⁴ Various other meetings on migration, including either the European Council President and/or the European Commission President with a group of EU Heads of State or Government, also took place.

responsibility and solidarity. In the subsequent Rome Declaration, leaders called for secure external borders and an efficient, responsible and sustainable migration policy.

A clear shift of focus can be observed in the 2019-2024 strategic agenda compared to the 2014-2019 strategic agenda. Previously, migration was also associated with positive effects such as addressing skill shortages, but since the outbreak of the migration crisis, the issue of migration relates mainly to the management of migration flows and border control. The new policy issues, which have been added under migration in the new 2019-2024 strategic agenda, include the need to 'fight human trafficking', 'ensure effective returns', and to 'find consensus on the Dublin regulation' and on 'the functioning of Schengen'. At the same time, the 'cooperation with third countries', 'fighting irregular/illegal migration', 'asylum policy' and 'border control' policy issues are being further pursued.

5.4.3. Noteworthy commitments: specific requests and follow-up

- The EBCG is an example of how quickly an initiative can be adopted if it receives the backing of the EU Heads of State or Government. In June 2014, the European Council, in the context of the long-term development of Frontex, called for 'a study into the possibilities of a European border guard'. Progress accelerated in October 2015, when EU leaders referred to enhancing the mandate of Frontex and the development of an EBCG system. Following the publication of the Commission's proposal on 15 December 2015, and the European Council's call for 'swift adoption and implementation' at its meeting in June 2016, the European Parliament and the Council adopted it in a record time of just nine months. Following various requests by the European Council in 2017 to strengthen the EBCG, the Commission published its new [proposal](#) in September 2018. According to President Tusk, in Salzburg, EU leaders shared their determination 'to take forward the Commission's proposal as a priority'. Consequently, at the October 2018 European Council, EU leaders invited co-legislators to examine the proposal swiftly. On 6 December 2018, Council reached a partial political agreement, strengthening the role of the EBCG in supporting Member States regarding the return of irregular migrants. However, the Council did not yet agree on the proposal of the Commission to increase the staff of the EBCG to 10 000. The European Parliament's Committee on Civil Liberties, Justice and Home Affairs adopted its report on 11 February 2019. On 1 April 2019 the Council confirmed the informal agreement reached between representatives of the European Parliament and the Romanian Presidency of the Council on a regulation on the European Border and Coast Guard, which is designed to increase the staff of the EBCG up to 10 000 by 2027. On 21 May, the European Border and Coast Guard Agency, in cooperation with Albania, [launched](#) its first joint operation on the territory of a non-EU country.
- Since the extraordinary European Council [meeting](#) of 23 April 2015, at the outset of the migration crisis, EU-Turkey cooperation on migration has been a permanent feature of EU Heads of State or Government discussions on migration. It was addressed in all but one of the following 16 European Council meetings on migration, which also produced written conclusions or statements. The first meetings on migration in 2015 called for stepping up cooperation with Turkey and reinforced dialogue with Turkey at all levels. Subsequently, the European Council of 15-16 October 2015 welcomed the EU-Turkey [joint action plan](#), which was activated at the EU-Turkey [meeting](#) on 29 November 2015, by EU Heads of State or Government and the Turkish Prime Minister at the time, Ahmet Davutoğlu. In return for the European Union strengthening its support for refugees in Turkey, European Council President Donald Tusk expected to see 'an immediate and substantial reduction of irregular migrants' arriving in Europe. The EU notably committed to an initial €3 billion financial support package,

intensifying the EU-Turkey bilateral relationship, and opening new chapters in the accession negotiations. Following another [meeting](#) on 7 March 2016, between EU and Turkish leaders, this cooperation was further deepened by the [EU-Turkey statement](#) of 15 March 2016, designed to 'end the irregular migration from Turkey to the EU'. As part of the EU-Turkey statement, [Turkish and EU leaders agreed](#) not least on the return of all new irregular migrants coming from Turkey to the EU, the resettlement of Syrians from Turkey to the EU, the acceleration of the visa liberalisation roadmap and an additional €3 billion for the [Facility for Refugees in Turkey](#). Shortly afterwards, when assessing the implementation of the agreement, President Tusk observed, 'a sharp reduction of the illegal migration flows across the Aegean'. At subsequent European Council meetings, including most recently in October 2018, EU Heads of State or Government reiterated their commitment to the EU-Turkey Statement and called for its 'full and non-discriminatory implementation'.

- The issue of relocation was certainly the most divisive topic between EU Member States. Originally, the European Council in April 2015 [called](#) for efforts to organise 'emergency relocation between all Member States on a voluntary basis'. In September 2015, the Council decided by qualified majority voting to set up a compulsory 'emergency relocation system' to support Italy and Greece. While all other Member States fulfilled their legal obligations under the scheme, Czechia, Hungary and Poland decided from the beginning not to comply and the Commission [launched](#) infringement procedures against them, referring them to the Court of Justice of the EU for non-compliance with their legal obligations on relocation. Relocation is also a good example of the extent to which the focus has changed in the European Council approach to migration. In all 10 sets of conclusions or statements issued after a migration-related European Council meeting between April 2015 and December 2016, Heads of State or Government called for action to step up relocation. This call has not been repeated since, and focus has shifted even further towards protecting the EU's external border.

- The reform of the [Common European Asylum System](#) (CEAS) has been an ongoing challenge, with the European Council attempting to bridge the gap between the different Member States' views, with some insisting on '[relocation](#)' while others propose '[effective solidarity](#)' (i.e. showing solidarity in ways other than taking refugees, for example by providing more financial support). Originally, the European Council tried to put pressure on Member States, by issuing deadlines by which Member States should agree on reform of the CEAS, such as at its [meeting](#) of 15 December 2016 and the [meeting](#) of 9 March 2017. As this did not produce the desired result, the European Council now only asks the rotating Council Presidency, 'to continue working on this issue' and/or commit itself 'to return to the issue' at a later meeting. The European Council [meeting](#) of 19 October 2017 committed itself to 'return to this matter at its meeting in December, and will seek to reach a consensus during the first half of 2018'. Although EU Heads of State or Government did [address](#) the reform of the CEAS at their Leaders' meeting in December 2017, they have not been able to reach consensus so far. One year later, at its meeting of 13-14 December 2018, the European Council called 'for further efforts to conclude negotiations [...] on all parts of the Common European Asylum System'.

5.5. Internal security

5.5.1. European Council attention to internal security

Figure 8: European Council meetings on terrorism and/or internal security from 2014 to 2018



Between June 2014 and October 2018, internal security and/or terrorism were mentioned in the conclusions or statements following 13 of the 29 meetings of EU Heads of State or Government on the European Council's agenda. At eight of these meetings, internal security and/or terrorism featured prominently in the discussions.

EU Heads of State or Government increased the attention they paid to internal security and/or terrorism, mainly following major terrorist attacks in Europe. Then, the European Council either held an extraordinary meeting on the topic or devoted significant time to the issue at a previously planned meeting. Following the *Charlie Hebdo* attacks, for example, after which millions of people had [expressed](#) their solidarity with the victims (through the '*Je suis Charlie*' movement), an informal European Council meeting was held on 12 February 2015. At that meeting, Heads of State or Government adopted a [statement on anti-terrorism measures](#), vowing to take stronger measures against terrorist threats in the coming months. An example of the latter approach was the meeting of 17 and 18 December 2015, for which the [annotated draft agenda](#) did not include fighting terrorism, but was amended following the terrorist attacks in Paris in November 2015, becoming one of the main agenda points.

5.5.2. Strategic orientations

In 2010, the European Council endorsed the 2010 to 2014 [internal security strategy](#). For the following period, in addition to adopting the strategic guidelines in 2014, it stressed its [commitment](#) to the implementation of the [renewed](#) 2015 to 2020 EU internal security strategy. Subsequently, the [Bratislava, Rome and Sibiu Declarations](#), and the 2019-2024 strategic agenda, have included important elements on internal security. In the Bratislava Declaration, EU Heads of State or Government promised to do 'everything necessary to support Member States in ensuring internal security and fighting terrorism', while in the Rome Declaration they pledged to work towards 'a safe and secure Europe [...] determined to fight terrorism and organised crime'. In Sibiu, EU leaders committed to protect [their] citizens and keep them safe.

In the 2019-2024 strategic agenda, the area of security policy also saw a number of new additions, namely 'resilience to natural and man-made disasters', 'malicious cyber activities', 'hybrid threats and disinformation'. The 'fight against terrorism and cross border crime' was taken over as a policy issue from the 2014-2019 strategic agenda.

5.5.3. Noteworthy commitments: specific requests and follow-up

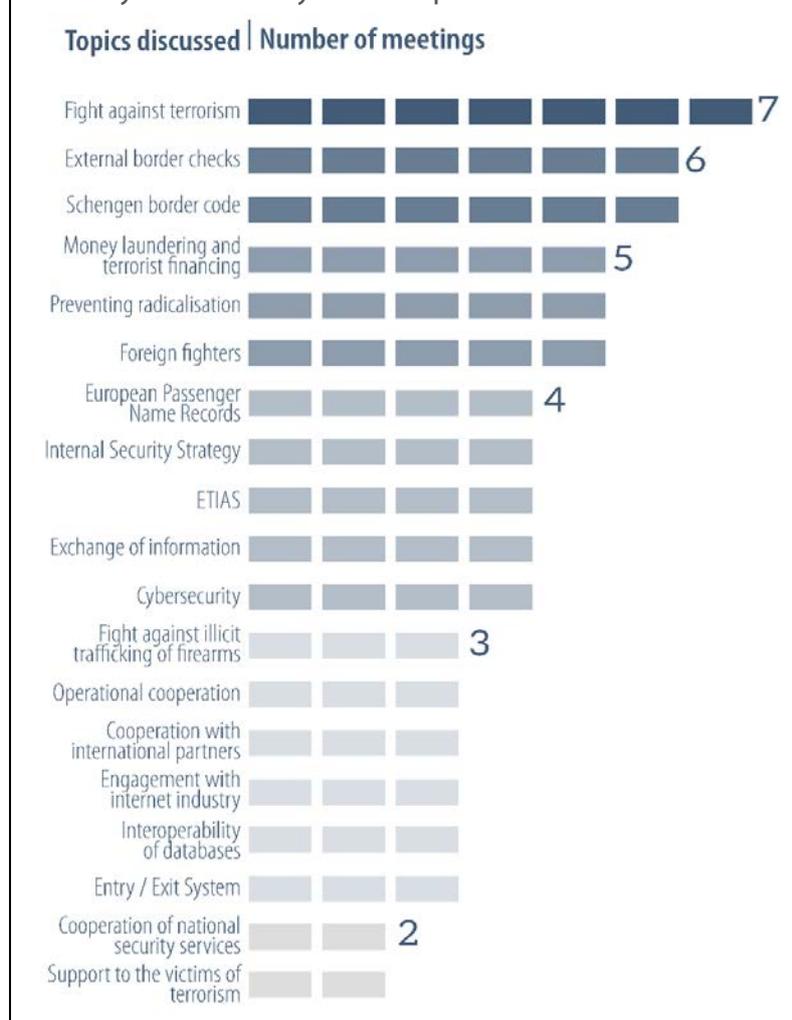
The majority of commitments and meetings in the field of internal security were related to the fight against terrorism. Many European Council meetings discussed this matter and issued commitments both at a general level and regarding specific issues, such as the prevention of radicalisation, ending terrorist financing and dealing with foreign fighters.

- When defining the strategic guidelines for the area of JHA in June 2014, the European Council also addressed for the first time the use of passenger name record (PNR) data. The Commission had presented its [proposal](#) back in February 2011, but it was rejected by the European Parliament's Civil Liberties, Justice & Home Affairs (LIBE) Committee in April 2013, on account of privacy concerns. At their August 2014 meeting, EU Heads of State or Government called on co-legislators to finalise their work by the end of that year, but this did not happen. Owing to the new security context, following the various terrorist attacks across Europe, at its [meeting](#) of 12 February 2015, the European Council increased the pressure and [called upon](#) 'EU legislators [to] urgently adopt a strong and effective European passenger name records directive with solid data protection safeguards'. The President of the European Parliament at that time, Martin Schulz, confirmed in his speech to the European Council that the Parliament was working together with the Council and was committed to finalising the work on the EU PNR directive by the end of 2015. By the European Council meeting of 18 December 2015, co-legislators had reached an agreement on the PNR directive, which was [welcomed](#) by EU Heads of State or Government. A year later, in December 2016, the European Council called for the 'implementation of new passenger name record (PNR) legislation'.
- The strategic guidelines for the area of JHA also addressed the prevention of radicalisation and the phenomenon of returning foreign fighters, i.e. individuals who join insurgencies abroad and whose primary motivation is ideological or religious rather than financial.⁵ While the prevention of radicalisation was already part of various European Council conclusions in the 2000s, a sense of urgency reached the level of EU Heads of State or Government in [August 2014](#), who called strongly for determined action to stem the flow of foreign fighters. They called for 'accelerated implementation of the package of EU measures in support of Member States' efforts, as agreed by the Council since June 2013, in particular to prevent radicalisation and extremism, share information more effectively – including with relevant third countries, dissuade, detect and disrupt suspicious travel and investigate and prosecute foreign fighters'. At that point, the EU Heads of State or Government also pledged to review this matter at their meeting in December 2014, but did not do so until the extraordinary European Council meeting on terrorism in February 2015, following the Charlie Hebdo attacks. The notion that 'preventing radicalisation is a key element in the fight against terrorism' is an essential part of the EU's internal security strategy, and the need to prevent radicalisation was repeated at various subsequent European Council meetings in 2016, 2017 and 2018.

Another noteworthy commitment is the issue of 'fighting the illicit trafficking of firearms', which is a good example of how the European Council is involved in the policy cycle in general. EU leaders usually begin by setting strategic priorities and calling for a specific action or proposal (legislative or non-legislative); they then discuss and/or endorse an action or proposal; and later comment on the adoption or implementation of this action or proposal, or refer to a previous decision.

⁵ See [EPRS \(2016\)](#) Foreign fighters: Member State responses and EU action.

Figure 9: Overview of specific issues relating to internal security discussed by the European Council



In February 2015, the EU Heads of State or Government called for increased 'cooperation in the fight against illicit trafficking of firearms, including by a swift adaptation of the relevant legislation'. This was followed up by the European Commission's [proposal](#) 'amending Council Directive 91/477/EEC on control of the acquisition and possession of weapons' of 18 November 2015, and the 'EU action plan against illicit trafficking in and use of firearms and explosives' of 2 December 2015'.

On 15 December 2015, the European Council called on the Council to 'rapidly examine the Commission proposals on combatting terrorism and on firearms'. Subsequently the European Council meeting of 15 December 2016 welcomed the political agreement between the co-legislators on the counter-terrorism directive as an important step that should be followed by 'swift adoption of the proposal on firearms'. The co-legislators

[adopted](#) this piece of legislation on 24 May 2017.

Mentioned for the first time by the European Council in 2015 in relation to Russian activities, since the June 2018 European Council the fight against disinformation has become an important issue for Heads of State or Government in the area of internal security. From that date, all formal European Council meetings (October 2018, December 2018 and March 2019) have addressed the issue and stressed the need to 'protect the Union's democratic systems and combat disinformation, including in the context of the upcoming European elections'.

5.6. Challenges ahead and outlook for JHA

Both the number of European Council meetings and resulting amount of commitments, and the number of follow up activities in the area of JHA have increased over recent years. The increased attention given to the issues in the field of JHA, and in particular to migration and internal security, can be attributed on the one hand to the fact that the European Council has often dealt with these issues in crisis management mode as a reaction to the migration crisis and to terrorists attacks in the EU respectively. On the other hand, while JHA is nowadays a 'normal' EU policy area, an inherent

tension still exists between Member States and between national and EU levels in this policy area, as many issues touch on core competences of the nation state (e.g. providing security to citizens, protecting external borders). Consequently, issues such as the reform of the CEAS, which could be discussed under qualified majority voting in the Council, often require an agreement in the European Council.

Concerning migration, despite the progress made, notably with 'the number of detected illegal border crossings into the EU [...] brought down by 95 % from its peak in October 2015', and the political agreement found on many policy issues by the Heads of State or Government, discussions remain very sensitive. For the time being, there is little chance of overcoming some of the fundamental disagreements between Member States regarding issues such as the relocation of asylum seekers. Another migration-related file, which has not advanced in the Council, is the EU list of safe third countries.

As pointed out above, the Treaty allows the Council to refer to the European Council, which decides by consensus, a directive normally covered by qualified majority voting in Council. While this procedure formally only applies to the topics of police and judicial cooperation within the JHA area, informally this method is used in other areas of JHA such as the reform of the Dublin Regulation. The European Parliament has repeatedly [expressed](#) its disapproval of the fact that 'the Council, by not using qualified majority voting, has too often referred legislative matters to the European Council'. A recent example in the field of JHA concerned the reform of the CEAS. At the European Council of 18 October 2018, the President of the European Parliament, Antonio Tajani, [asked](#) the Heads of State or Government regarding the reform of the Common European Asylum System, 'why the Council does not apply the qualified majority rule, but continues to insist on seeking a consensus instead'.

Regarding internal security, the March 2019 European Council, again addressed 'the protection of the Union's democratic system and combatting disinformation' and signposted that it would return to the issue at its meeting of 20-21 June 2019. The President of the European Council, Donald Tusk, has [indicated](#) that other, more long-term, issues relating to internal security will be added to the new strategic agenda for the Union. Following the adoption of the strategic agenda at the June 2019 European Council meeting, it is expected that that the European Council will now act on it by providing concrete follow-up at subsequent meetings.

6. Foreign affairs

6.1. Background

The security landscape has progressively deteriorated in the EU's neighbourhood in the past half-decade, both in the south and in the east. This has led the European Council to devote much of its attention to [monitoring](#) the crises in Libya, Syria and Ukraine. In parallel, the European Council has continued to deal with '[pressing international issues](#)'. Discussions have covered developments on the Korean peninsula, the Middle East peace process and the fragile situation in the Western Balkans, among other things.

The Heads of State or Government have also considered Russia's growing assertiveness, including its role in the Ukrainian and Syrian crises. They have discussed the downing of flight MH17 and have called repeatedly for a transparent investigation. In 2018, they [showed](#) unity following the Salisbury attack and [called](#) 'for the adoption of a new EU regime of restrictive measures to address the use and proliferation of chemical weapons'. They have also called for an action plan to counter disinformation activities originating in Russia.

Transatlantic relations have attracted even more of the European Council's attention since the Trump administration came to power in 2017. The progressive rejection of multilateralism has led the US to denounce the Paris Climate Agreement, to gradually disengage from the United Nations (UN), including its [Human Rights Council](#), and to unilaterally denounce the Iran Nuclear Agreement. Multilateralism remains the pillar of EU foreign policy action, as indicated in the [EU global strategy](#). In this context, the European Council has regularly affirmed the EU's support for multilateralism and confirmed the Unions' commitment to an international trade policy, fully supportive of World Trade Organization rules (see Chapter 7), and to the full implementation of the Paris Climate Agreement (see Chapter 4). The EU leaders have also [confirmed](#) the Union's 'full commitment to the Iran nuclear deal'.

More recently, in March 2019, the EU leaders [held](#) a debate on 'overall relations' with China. On this occasion, the European Commission issued a [paper](#) presenting its vision for relations with China. It identified 10 priority actions linked to a broad range of domains, including climate change, connectivity, trade and industrial policy, and called for the 'full unity' of the Member States.

The EU will continue to face a volatile international situation in the years to come. This will most probably be reflected in the time spent by EU leaders discussing external relations issues during European Council meetings. The [2019-2024 strategic agenda](#) already anticipates this development by identifying foreign affairs, defence and trade policy among the priority areas for action.

6.2. Agenda formation and meeting focus

Since 2014, the European Council has discussed foreign affairs items at each of its regular meetings. As a general rule, foreign affairs are considered under the 'external relations' item. An exception to this pattern is the external dimension of migration, which is sometimes considered under external relations and other times under migration. The February and March 2016 European Council meetings represent two noteworthy examples. In February 2016, the European Council [referred](#) to the situation in Libya, including implications for the external dimension of migration, as part of its 'external relations' debate. Conversely, in March 2016, external relations were not included as a stand-alone point on the European Council annotated draft agenda, but were discussed as part of the migration debate, with the EU leaders [considering](#) the situation in Libya and along the Western Balkans route.

The European Council used informal, special and extraordinary meetings as vehicles for crisis management between 2014 and 2016. Five meetings (two informal and three extraordinary) were [called](#) between February 2014 and February 2015. They allowed the European Council to articulate a common position in response to the Ukrainian crisis and to continue to follow developments. The beginning of the migration crisis in early 2015 shifted the European Council's attention from the crisis in Ukraine to migration. The external dimension of migration was present in European Council debates from as early as April 2015, when the European Council first convened a [special meeting](#) on migration and a decision was taken to prepare a military common security and defence policy (CSDP) operation in the Mediterranean. Two [additional](#) informal meetings held in 2015, and one held in [2016](#), tackled the external dimension of migration.

The European Council stopped calling for extraordinary meetings on foreign policy grounds after 2017, having departed from the [crisis mode](#) in which it had been operating in previous years. One informal European Council, convened in Sofia, on 16 May 2018, was dedicated to the Western Balkans. The summit had been planned in advance and included in the Leaders' agenda published in October 2017. It enabled the adoption the next day, as part of the EU-Western Balkans summit, of the [Sofia Declaration](#).

Annotated draft agendas, released more than a month ahead of each formal European Council meeting, are an early indicator of foreign and security policy items that may attract EU leaders' attention. They are usually vague, to allow greater flexibility. This principle was confirmed in October 2017 by the [Leaders' agenda](#), which specified that 'the agenda does not list points that recur on a regular basis, such as external relations, except where a specific item is already known at this stage'. The foreign policy items to be included in the European Council agenda are decided upon at the Foreign Affairs Council meeting held on the Monday preceding the Heads of State or Government meeting.

Foreign affairs remain the embodiment of the intergovernmental method in the EU. Decisions pertaining to foreign and security policy are taken unanimously within the European Council. A few Treaty-based exceptions, such as the appointment of the High Representative of the Union for Foreign and Security Policy (hereinafter, the High Representative), allow for the use of qualified majority voting (QMV). The European Council can decide, based on [Article 31 TEU](#), by unanimity, to extend the list of foreign policy items to which QMV applies, with the exception of decisions having military and defence implications, where Treaty change is required.

6.3. Legal basis for European Council action in foreign affairs

General orientations for foreign and security policy

- **[Articles 15, 16\(6\), 22, 24 of the Treaty on European Union \(TEU\)](#)**: the European Council identifies 'the Union's strategic interests' and 'objectives' and sets out strategic orientations for the EU, including for matters of foreign, security and defence policy.
- **Article 24.1 TEU**: the EU's common foreign and security policy (CFSP), of which defence is an integral part, is 'defined and implemented by the European Council and the Council'.

European Council preparation and decision-making

- **Article 16(6) TEU**: the Foreign Affairs Council, in cooperation with the President of the European Council, prepares and ensures the follow-up of the European Council foreign, security and defence policy meetings.
- **Articles 15 TEU**: the European Council President 'ensures the external representation of the Union' in a way that does not hamper the action of the High Representative.

- **Articles 18, 22, 24, 31 TEU:** unanimity is required in the European Council for foreign and security policy decisions, unless qualified majority applies (for example, when appointing the High Representative). Under Article 31(3), the European Council can, by unanimity, extend qualified majority voting to more foreign policy areas than those identified in Article 31(2) TEU. In his 'state of the Union' address of September 2018, European Commission President, Jean-Claude Juncker, called for the use of this treaty mechanism and for the [extension](#) of qualified majority voting to cover more foreign policy areas, including civilian CSDP operations.
- **Article 26 TEU:** the President 'shall convene an extraordinary meeting of the European Council' with the objective of defining 'strategic lines' should the international situation so require. On several occasions, extraordinary meetings have been [convened](#) to discuss foreign policy matters (for example, Ukraine in 2014), while defence has been considered only at regular European Council meetings.

6.4. Strategic orientations

- **EU global strategy:** in June 2016, the High Representative, Federica Mogherini, presented the European Council with the EU global strategy. The strategy resulted from a request made by the Heads of State or Government in [December 2013](#) that was subsequently [reiterated](#) by the European Council. The EU leaders 'welcomed' the EU global strategy and invited the High Representative, Federica Mogherini, the European Commission and the Council to start its implementation.
- **The review of regional, country-related and sectoral strategies** was one of the main points advanced by the EU global strategy. The October 2016 Foreign Affairs Council [retained](#) the updating and the preparation of new 'regional and thematic strategies' as a priority.

Several regional, country-related and sectoral strategic documents have been adopted at EU level since October 2016. This section presents the main strategic documents relating to three themes that have attracted the attention of the European Council in recent years.

- **Strategy for Syria.** In his September 2016 'state of the Union' address, European Commission President, Jean-Claude Juncker, called for an EU strategy for Syria. The strategy, [adopted](#) in March 2017, outlined the EU's support for 'a lasting political solution' in Syria. It called for a united, democratic and stable Syria, protective of its citizens and supportive of their cultural diversity. It confirmed the EU's willingness to work with international partners in support of a negotiated solution in Syria, to provide targeted humanitarian aid and support Syria's reconstruction 'once a credible political transition is underway'.
- **Strategy for the Western Balkans.** On 6 February 2018, the European Commission [published](#) a communication entitled 'A credible enlargement perspective for and enhanced EU enlargement with the Western Balkans', accompanied by an [action plan](#) detailing [six flagship initiatives](#) aimed at supporting the region on its European path. The document offered a clear prospect of enlargement to all six Western Balkans countries. An accession date of 2025 was even advanced, provided that the six countries met the accession requirements. This allowed the EU to send a [strong political signal](#) to the region and show commitment to the 'open door policy' reiterated by the European Council at its March 2017 meeting. The [Sophia Declaration](#) adopted in May 2018 at the EU-Western Balkans summit confirmed the European perspective of the region but did not commit to an accession date. This approach is in line with the 2006 European Council [conclusions](#), which stated that '[t]he Union will refrain from setting any target dates for accession until negotiations are close to completion'.
- **Strategy to counter disinformation.** At the request of the European Council, on 22 June 2015, the High Representative presented an [action plan on strategic communication](#). The action plan identified three objectives: 1) effective and positive communication on EU projects, policies

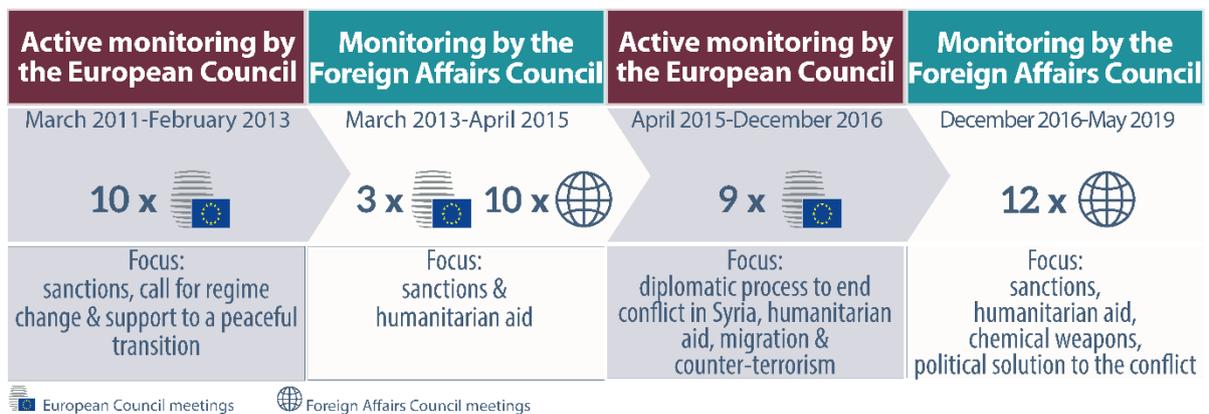
and values in the Eastern Neighbourhood; 2) support for media capacity building in the Eastern Neighbourhood; and 3) action to raise public awareness of disinformation campaigns. More recently, in April 2018, the European Commission presented a [communication](#) on 'Tackling online disinformation: a European approach'. The document outlined that 57 % of users in the EU preferred online news platforms and social media and that 80 % of Europeans believed that they had come across information they believed was 'false or misleading several times a month or more'. The communication [outlined](#) the main objectives that should guide EU action, in particular increased transparency and 'enhanced fact-checking' of online content. In response to a [request](#) formulated by the June 2018 European Council, the European Commission and the High Representative presented an '[action plan against disinformation](#)' in December 2018. The action plan [focuses](#) on: 1) 'improved detection'; 2) 'coordinated response'; 3) 'online platforms and industry'; and 4) 'raising awareness and empowering citizens'.

6.5. Noteworthy commitments: specific requests and follow-up

Supporting a 'lasting political solution' in Syria

The European Council devoted attention to the crisis in Syria right from its outbreak in March 2011, as shown in figure 1. Between March 2011 and February 2013, Syria was a permanent feature on the meeting agendas of EU leaders, who called repeatedly for regime change. This phase of active monitoring was followed by two years (March 2013 to April 2015) during which the crisis in Syria was monitored at the level of the Foreign Affairs Council, with the European Council intervening sporadically. Emphasis was placed on the renewal of sanctions and the disbursement of humanitarian aid.

Figure 9 – Monitoring by the European Council of the Syrian crisis



Source: EPRS, based on an earlier version published in '[The European Council and Crisis Management](#)' (2016).

The outbreak of the migration crisis in April 2015 meant that the European Council again entered into an active monitoring phase during which the EU leaders devoted most of their attention to the humanitarian situation in Aleppo; this lasted until December 2016. The period between April 2015 and December 2016 was also characterised by intense diplomatic activity, with the EU energetically supporting a UN-brokered political solution in line with the [2012 Geneva Communiqué](#). In several of its resolutions, the European Parliament [called](#) for the cessation of hostilities and urged negotiating parties to 'intensify work for a lasting political settlement in Syria'.

In [December 2016](#), the European Council invited 'the High Representative to continue her ongoing direct engagement with all relevant partners'. Three conferences on 'Supporting the future of Syria and the region' have been organised in Brussels under the patronage of the High Representative,

Federica Mogherini, since then. They focused on humanitarian action, the role of civil society in the future of Syria and expressed support for 'a lasting political settlement' based on the Geneva Communiqué. The UN Special Envoy for Syria, at the time Staffan de Mistura, was invited in [March 2018](#) to attend the Foreign Affairs Council meeting for an exchange of views on the situation in Syria and, more broadly, in the region.

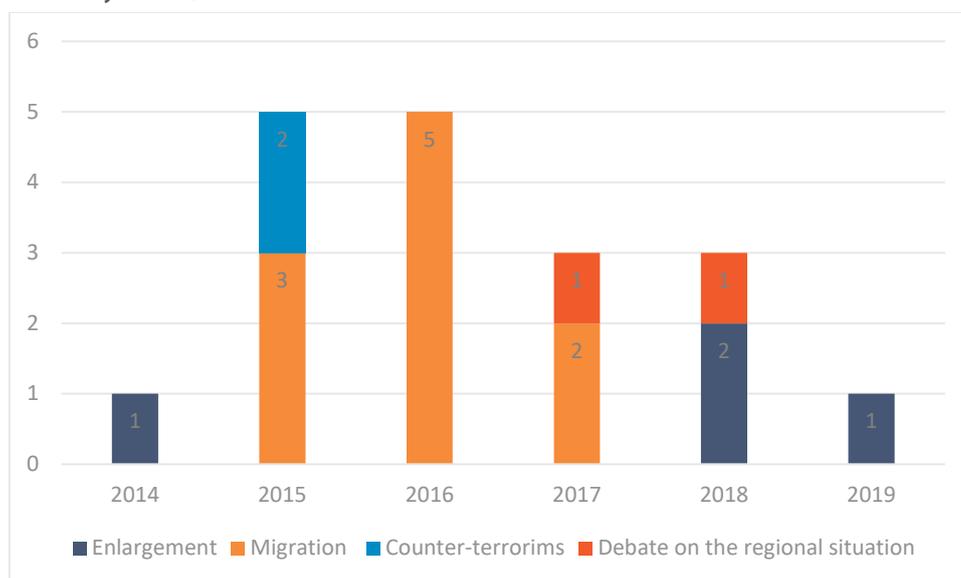
A new phase of Foreign Affairs Council monitoring began in January 2017. It coincided with a loss of pace of in the Geneva peace talks and the multiplication of the [Astana talks](#), held under the auspices of Turkey, Russia and Iran, and to which the UN is party. Since January 2017, the EU has reaffirmed its support for a negotiated political solution, condemned the use of chemical weapons and [renewed](#) sanctions imposed on the Syrian regime.

A European perspective for the Western Balkans

The European Council has regularly referred to the Western Balkans in its conclusions since 2014, as shown in figure 2. Between 2015 and 2017, the agenda was dominated by counter-terrorism cooperation and by the need to stem migration on the Western Balkans route. Between June 2014, when Albania was granted candidate country status, and March 2018, when the European Commission launched its strategy for the Western Balkans, enlargement was put on hold. During this period no accession negotiations were opened and no candidate country status granted, while only technical-level progress was made in the case of countries already having opened accession negotiations (Montenegro and Serbia). The European Parliament remained [engaged](#) with the region through [active parliamentary diplomacy](#). This was the case for the then former Yugoslav Republic of Macedonia, where the 2015 EU-brokered [Pržino Agreement](#) helped the country overcome inter-ethnic party tensions, aspire to political stability and re-engage with the reform process. Much progress was made in the interim, as the country managed to establish good neighbourly relations with both [Bulgaria](#) and Greece. In the latter case, the [Prespa Agreement](#), which was brokered in [June 2018](#) and entered into force in [February 2019](#), allowed the ending of a several decades long-lasting name dispute and the establishment of the 'Republic of North Macedonia' as the country's new constitutional name.

As the regional security situation deteriorated in early 2017, analysts [spoke](#) of no clear political commitment to the region, pointed to the [stagnation](#) of reforms and stressed the fragility of the political and security situation. They warned of the danger of having the Western Balkans turn their back to the European project unless a clear commitment was made on the region's European future.

Figure 10: Incidence of Western Balkans-related topics in the European Council conclusions (June 2014 – May 2019)



Source: EPRS. An extended version of this graph was published in the EPRS briefing [The European Council and the Western Balkans: Overview of discussions since the Lisbon Treaty](#).

The European Council held its first debate in almost a decade on the regional situation in the Western Balkans in March 2017. The debate was of two-fold importance: it both reaffirmed the European perspective of the Western Balkans and placed enlargement back on the political agenda of the EU. The strategy for the Western Balkans published by the European Commission in March 2018 stems from the meeting held a year earlier by the European Council. The [declaration and priority agenda](#) adopted in Sofia at the EU-Western Balkans summit in May 2018, inspired by the European Commission's strategy, is an operational document introducing goals to reach (for example, expanding the EU energy union to the Western Balkans). The country reports published in April 2018 by the European Commission lifted prior existing conditionalities and recommended opening accession negotiations with Albania and the then former Yugoslav Republic of Macedonia. In June 2018, the [General Affairs Council](#) reaffirmed the EU's 'open door policy' towards the Western Balkans.

More recently, in June 2019, the European Council endorsed the Council's conclusions on enlargement. Yet, the decision that both Albania and North Macedonia had long awaited, namely the opening of accession negotiations, was postponed for later in 2019. In September 2019, the European Council President, Donald Tusk, visited both North Macedonia and Albania. He praised North Macedonia's progress and achievements, in particular the normalisation of relations with its neighbours, and [said](#) that he 'would like to appeal to the leaders of the European Union: Now you do your share. Because North Macedonia has already done its share'. He also [confirmed](#) that he has 'always thought that the EU should open accession talks with both Albania and North Macedonia, in line with the positive recommendations from the Commission'.

Countering disinformation

In [March 2015](#), the European Council 'stressed the need to challenge Russia's ongoing disinformation campaigns. It invited the High Representative, in cooperation with Member States and EU institutions, to prepare, by June, an action plan on strategic communication'. It also called for the establishment of a communications team, tasked with developing and implementing the action plan. The action plan was adopted in June 2015 and the [East StratCom Task Force](#), located

within the European External Action Service, became operational in September 2015. Two other task forces, focusing on the Western Balkans and the South (Middle East and North Africa and the Gulf States) have since been [established](#). These developments were in line with the 2016 European Parliament [resolution](#) in advancing the idea that additional task forces, including a task force dedicated to the South that would be able 'to contribute effectively to the deconstruction and to the fight against ISIL/Da'esh extremist propaganda and influence', should be established.

The European Council held 'a strategic policy debate on relations with Russia' in October 2016. The debate, [long planned](#) and several times [postponed](#), displayed '[major differences](#)' between Member States regarding views on Russia. European Council President Donald Tusk summarised the debates in a very concise and expressive way by saying that: 'Leaders emphasised all sorts of Russian activities, from airspace violations, disinformation campaigns, cyber attacks, interference into the political processes in the EU and beyond, hybrid tools in the Balkans, to developments in the MH17 investigation'. A powerful indicator of persistent disagreement was that no operational conclusions were adopted at that meeting.

The European Council continued to discuss countering disinformation in June 2018. It called for the adoption of a new 'action plan by December 2018 with specific proposals for a coordinated EU response to the challenges of disinformation', including a better defined mandate for the strategic communication teams and sufficient resources. At their December 2018 meeting, the Heads of State or Government endorsed the new action plan and asked to have it implemented at both the EU and national level. They also [confirmed](#) their intention to monitor implementation progress at future meetings, based on Council progress reports. They stood by their commitment in March 2019, when they called for increased coordination 'to address the internal and the external aspects of disinformation', stressed the importance of 'information-sharing' and called upon private online operators to abide the [code of practice](#). This monitoring system is likely to continue as the Heads of State or Government confirmed their intention to keep disinformation on their agenda at upcoming summits.

6.6. Challenges ahead and outlook

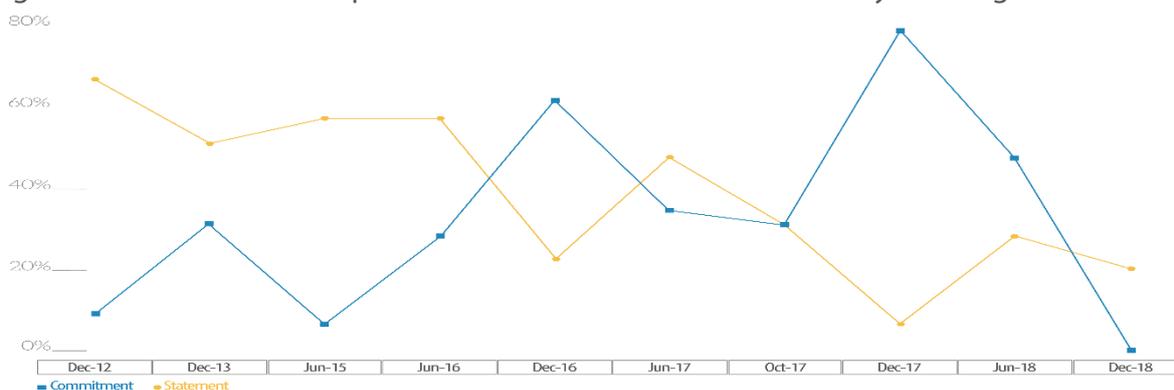
The EU will continue to face a volatile security situation in its neighbourhood in the years to come. In this context, the European Council will have to play its Treaty role to the full and continue to set strategic guidelines for foreign policy action. This requires a regular assessment of the threats and risks the European Union is faced with, as [requested](#) by several Heads of State or Government, in the 'Future of Europe' debate. It would also require collective debates on relations with Russia and China rather than one-off reactions to their actions. It would also mean considering how to preserve strategic relations with the US, in a context where there is a not insignificant risk of drifting apart.

7. European defence cooperation

7.1. Background

European defence cooperation (EDC) is a rolling item on the agenda of the European Council. Cooperation on defence began to gain impetus more than half a decade ago, but the process has accelerated significantly over the past two years. Whilst at the start of the period (2012) the European Council conclusions on European defence cooperation included mainly statements, figure 3 shows the progressive increase in the share of commitments over time. This highlights the European Council's strong political will to develop defence cooperation further. The inversion of the 'statement'/'commitment' curves occurred in December 2016 and coincided with the start of implementation of the security and defence component of the EU global strategy, a process the European Council has been steering and monitoring closely ever since. A second peak was registered in December 2017, with the launch of permanent structured cooperation (PESCO). For the first time in years, the [December 2018](#) European Council focused on endorsing existing initiatives without making new commitments.

Figure 11: Variation of European Council conclusions on defence by meeting since 2012



Source: EPRS.

A series of push factors have accelerated European defence cooperation. They include a particularly challenging environment in the EU's neighbourhood, especially in Libya, Syria and Ukraine, where crises and conflicts remain unresolved. The EU continues to face an increasingly assertive Russia and needs to reassure its partners in the Western Balkans of its open door policy, while it seeks to overcome tensions in transatlantic relations, principally but not exclusively, linked to [burden-sharing](#) within NATO.

7.2. Legal basis for European Council action in external security and defence

The treaty provisions outlined above in this chapter under section A.3 also apply to defence cooperation. They are complemented by specific provisions, of which some are discussed below:

- **Article 42(2) TEU:** The 'progressive framing of a common Union defence policy' may lead to 'common defence' should the European Council 'acting unanimously' so decide. This treaty provision remains unimplemented to date, as no action has yet been taken by the European Council in support of 'common defence'.
- **Articles 42(6) and 46 TEU and Protocol No 10:** Member States willing to make 'more binding commitments' in defence may use permanent structured cooperation (PESCO) for this

purpose. Successive [attempts](#) to activate PESCO remained unsuccessful until December 2017, when 25 EU Member States expressed their commitment to the mechanism and the European Council welcomed its launch.

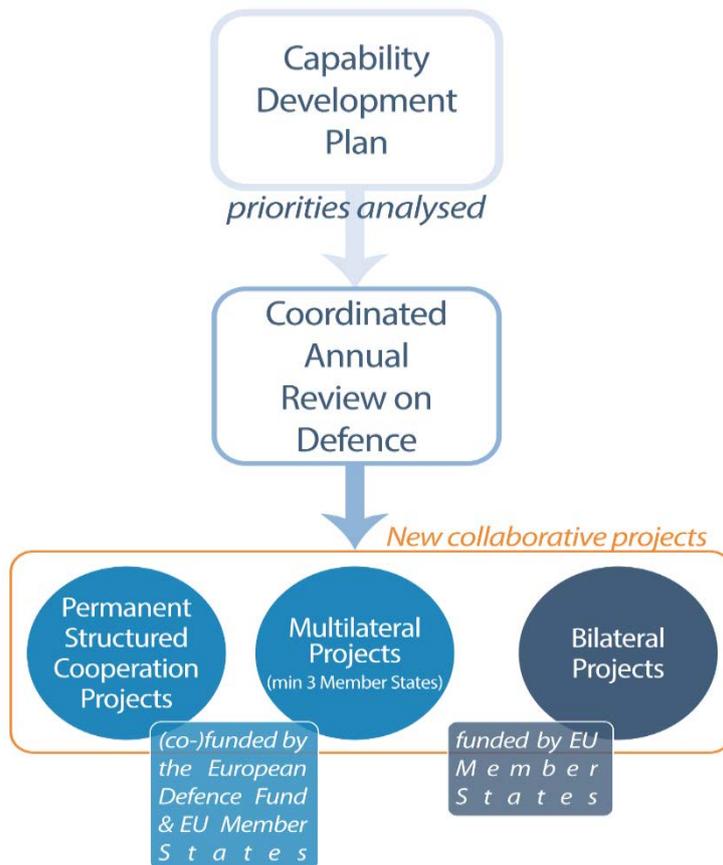
7.3. Strategic orientations

- **EU global strategy:** The [EU global strategy](#), which called for greater efforts 'on defence, cyber, counterterrorism, energy and strategic communications' was 'welcomed' by the Heads of State or Government in June 2016. The Heads of State or Government then mandated the High Representative, Federica Mogherini, to start implementing the strategy. Subsequently, in the autumn of 2016, successive Council meetings confirmed that precedence would be given to implementation of the defence component of the EU global strategy.
- **The defence package:** By December 2016, the European Council had endorsed a defence package including: 1) the implementation plan on security and defence (IPSD) offering the framework to implement the security and defence component of the global strategy; 2) the European defence action plan (EDAP) presented by the European Commission with the aim of stimulating better spending in defence and fostering economies of scale; 3) the Council conclusions on the implementation of the EU-NATO joint declaration signed in July 2016 in Warsaw.

7.4. Noteworthy commitments: specific requests and follow-up

A series of cooperative mechanisms – the coordinated annual review on defence (CARD), PESCO, and the European Defence Fund (EDF) – have been introduced since 2016, with the aim of enabling EU Member States to jointly identify defence capability shortages and, subsequently, to develop new ones effectively. Their interaction is presented in figure 4. Their introduction has boosted the secretarial role of the European Defence Agency (EDA), without substantively increasing its resources (financial or manpower).

Figure 12: Interaction between CARD, PESCO and the EDF



Source: EPRS, based on [EEAS](#) and [EDA](#) data.

Coordinated annual review on defence

The [coordinated annual review on defence](#) (CARD) is a voluntary mechanism allowing the identification of EU Member State's capabilities and shortfalls. CARD has been in the spotlight of the European Council since late 2016, when the EU leaders asked the High Representative, Federica Mogherini, to make proposals on the elements that would define the mechanism. The CARD modalities were agreed upon in Council in the first half of 2017 and the European Defence Agency (EDA) was tasked with the secretariat work. Analysts have welcomed this development but, at the same time, have [warned](#) that the multiplication of the tasks carried out by the EDA with respect to CARD, as well as in the context of PESCO and the EDF, need to be accompanied by an increase in the resources allocated to the agency. The EDA budget, which has been 'frozen' at roughly €31 million for almost a decade on account of Member States' diverging views, was increased by 5 % for the 2018 financial year; yet, [no additional increase](#) was agreed for 2019.

Permanent structured cooperation

In December 2016, the European Council gave the High Representative, Federica Mogherini, a mandate to present 'elements and options for an inclusive permanent structured cooperation based on a modular approach and outlining possible projects' in the months ahead. In June 2017, the European Council [agreed](#) on the need to launch inclusive and ambitious permanent structured cooperation'. EU leaders then requested a 'common list of criteria and binding commitments', a prerequisite to enable the EU Member States to notify their intention to take part in PESCO. By December 2017, 25 EU Member States had notified the Council of their intention to join PESCO.

An initial set of 17 PESCO projects was agreed in March 2018, followed by a second set of 17 projects in November 2018 and an additional project, on [national regulations harmonisation](#), in May 2019. 'Military mobility' is the flagship project – and the only individual PESCO project that the European Council has focused on so far. It is the most [inclusive](#) PESCO project, with 24 out of 25 Member States participating. It is [complemented](#) by two other initiatives developed by the European Commission (the November 2017 [joint communication on improving military mobility in the EU](#), expected to be funded through the [Connecting Europe Facility](#) instrument as a dual-use project), and the [EU-NATO initiative](#). The overall aim is to facilitate the rapid movement of military capabilities from one side of the continent to the other, if need be. The EU leaders will, most probably, refer once again to 'military mobility' in the near future when they consider matters of defence. In the interim, in May 2019, the Council [assessed](#) the progress made by Member States in meeting their PESCO commitments.

European Defence Fund

From December 2016 onwards, the European Council discussed the [European Defence Fund](#) (EDF) at each of its meetings dedicated to matters of defence. The EDF, which is part of the European Commission's European defence action plan, is comprised of [two windows](#), one dedicated to defence research and another to capabilities. The research window is fully funded by the EU budget. The capability window includes the development of prototypes co-financed by the EU budget (20 %) and Member States (80 %), and an acquisition dimension fully funded by the EU Member States. The total amount estimated for the EDF under the next MFF is €13 billion.

7.5. Challenges ahead and outlook

The European Council has committed to monitor security and defence developments regularly. Under the 2019-2024 strategic agenda, defence cooperation remains a priority and the EU leaders will, most likely, continue to monitor the implementation of the security and defence component of the EU Global Strategy closely. Defence cooperation features among the [priorities](#) of the new European Commission, as announced by its president-elect, Ursula von der Leyen. The next Commissioner for the Internal Market, will most probably, be [responsible](#) inter alia for the implementation of the EDF, fostering the defence and space industry and coordinating implementation of the action plan on military mobility. A [newly created](#) European Commission directorate general for defence and space will support this work.

There is broad consensus within the European Council on the need to continue developing European defence cooperation even further. Nevertheless, this consensus will be put to the test in the 2021-2027 MFF negotiations. The EU leaders will have to confirm their commitment to defence and its budgeted instrument, the EDF, in a context where several other policy areas (for example, [cohesion policy](#)) will most likely have lower than expected budget.

8. International trade

8.1. Background

International trade is not a topic frequently discussed at European Council level. Commercial policy is an exclusive competence of the Union, and trade negotiations fall within the remit of the European Commission, on the basis of a mandate from the Council of the EU. Since 2016, however, international trade has had a higher [profile](#) on the European Council agenda; this is linked to changes in the global trading landscape and to a rise in protectionist trade measures that has spill over effects on EU trade policy. Moreover, in recent years, EU trade policy has been marked by increasing scrutiny by EU citizens over its scope and legitimacy, rendering the conclusion of some trade agreements difficult; this was notably the case for the Comprehensive Economic and Trade Agreement with Canada (CETA) and the Transatlantic Trade and Investment Partnership (TTIP) with the US.

The political reflection process on the future of the EU, following the United Kingdom's (UK) decision to leave the Union, has prompted EU leaders to give greater priority to issues that are important for EU citizens, which include [trade](#). Starting at the September 2016 Bratislava Summit and continuing throughout 2017, discussions focused on the contribution that trade can make to economic growth, as well as on the current challenges faced by the EU in a fast-changing global environment. EU leaders consequently discussed ways of protecting EU industries and citizens against unfair trade practices, by paving the way to improving the EU's trade defence instruments, for instance.

Growing trade tensions over US tariffs imposed on steel and aluminium and the US blockage of nominations of members in the World Trade Organization (WTO) Appellate Body have opened up a much wider debate over the future of the multilateral trading system and the role of the WTO. Following the EU leaders' summit in Sofia in May 2018, where trade relations with the US were also discussed, dialogue with the US administration intensified, seeking to find a solution to the trade conflict. In July 2018, Commission President Jean-Claude Juncker and US President Donald Trump reached a [joint agreement](#), committing to dialogue on removing tariff and non-tariff barriers to trade in several areas, and the launch of negotiations on a trade agreement on industrial goods.

Also high on the European Council's agenda are relations with China. These were discussed by EU leaders in the context of the annual EU-China summit in April 2019, where important commitments were made by China. These commitments include action to improve European investors' access to the Chinese market and to work together with the EU on WTO reform, notably on strengthening rules on industrial subsidies and resolving the Appellate Body crisis. Both parties aim to conclude negotiations on an EU-China investment agreement by 2020, as well as finalise an EU-China agreement on geographical indications (GIs) by the end of 2019. Finally, discussions with the UK over its future trade relationship with the EU have been delayed owing to the fact that the UK has not ratified the [Withdrawal Agreement](#). EU leaders will be taking stock of the situation at their [Article 50 meeting](#) in October 2019.

8.2. Legal basis for European Council action in international trade

- **Article 22(1) TEU:** On the basis of the principles and objectives set out in [Article 21 TEU](#), the European Council shall identify the strategic interests and objectives of the Union. Decisions of the European Council on the strategic interests and objectives of the Union shall relate to the common foreign and security policy and to other areas of the external action of the Union. Such decisions may concern the relations of the Union with a specific country or region or may be thematic in approach [...].

- **Article 216(1) TFEU:** The Union may conclude an agreement with one or more third countries or international organisations where the Treaties so provide or where the conclusion of an agreement is necessary in order to achieve, within the framework of the Union's policies, one of the objectives referred to in the Treaties, or is provided for in a legally binding Union act or is likely to affect common rules or alter their scope.
- **Article 16(6) TEU:** The Foreign Affairs Council shall elaborate the Union's external action on the basis of strategic **guidelines laid down by the European Council** and ensure that the Union's action is consistent.

8.3. Strategic orientations

- Future of Europe debate: discussing the way forward with 27 Member States

In his invitation letter to the 2016 September Bratislava Summit, European Council President Donald Tusk emphasised that, while encouraging free trade and global competition is in Europeans' interests, they equally pose significant and unprecedented challenges. While openness to global trade has been an engine of economic growth in the EU, benefiting businesses and citizens alike, these benefits are not always [evenly distributed](#) among regions and their peoples.

Moreover, the completion of trade negotiations with Canada in 2014, and the start of talks with the US, in 2013 brought the issue of investor-to-state dispute settlement (ISDS)⁶ to public attention. Large public [protests](#) against TTIP and CETA took place across Europe, with people [fearing](#) that these [comprehensive trade agreements](#) were being concluded against their interests, and that ISDS mechanisms, in particular, favoured investors' interests to the detriment of the ability of states to regulate in the public interest. Over time, these issues have led to increasing opposition to trade agreements from citizens who feel that these agreements are not concluded with their best interest in mind. Against this backdrop, at the Bratislava Summit, EU leaders committed to work together towards a 'robust trade policy that reaps the benefits of open markets while taking into account concerns of citizens'.

- Towards a robust trade policy: a Europe that protects

The October 2016 European Council prioritised areas where action was most needed to promote a 'robust' trade policy and protect the EU's trade interests. EU leaders focused on two issues, notably on [trade defence instruments](#) and on the conclusion of CETA. More effort was needed at EU level to build a consensus on these issues and it was up to the European Council to facilitate agreement among Member States. The summit sent a strong message that the EU was committed to 'open markets for growth and job creation', but the EU was not a 'naive free trader' and would defend itself against unfair trade practices.

Although the October 2016 summit was overshadowed by [difficulties over the signature of CETA](#), after seven years of negotiations, European Council President Tusk underlined that EU trade interests included 'defending and promoting the social, environmental and consumer standards [...] central to the European way of life, as well as the right of governments to regulate'. 'If we are not able to convince people that trade agreements are in their interest, if we are not able to convince them that our representatives negotiate FTAs to protect people's interests, then we will have no chance to build public support for free trade' he stated ahead of the October 2016 meeting. One

⁶ ISDS mechanisms allow investors to bring a claim against the states in which their investments have been made. Opponents to ISDS mechanisms argue that, among another issues, these mechanisms allow foreign investors the possibility to [challenge](#) national regulations that have a potential impact on their investments, e.g. public health or environment regulations. Against this background, in March 2018, the Council adopted negotiating directives for a [Multilateral Investment Court](#) (MIC), a permanent institution that would replace the bilateral investment court systems in trade and investment agreements negotiated by the EU.

year later, the [Leaders' agenda](#), a work programme to cover the period until June 2019, placed trade issues high on the institution's agenda, including trade defence, free trade agreements, and the screening of investments. The agenda also planned for a discussion at the end of 2018 on the future of trade policy and on the role of the EU in the multilateral trade system, which did not occur.

➤ 2019-2024 strategic agenda

The [strategic agenda](#) calls for a Union able to project itself on the global stage by strengthening its economic base. This should allow the EU to compete on a level playing field with emerging economies, notably China, by ensuring fair competition both within and outside the EU, promoting market access, fighting unfair practices, extraterritorial measures and security risks from third countries, and securing Europe's strategic supply chains. EU leaders acknowledge that a robust EU trade policy would best achieve its objectives within a reformed WTO able to meet the needs of its members and to keep step with technological developments.

8.4. Noteworthy commitments: specific requests and follow-up

8.4.1. Trade negotiations with key partners

In recent years, the European Council has called for the conclusion and ratification of trade agreements with Japan, Singapore, Vietnam and Canada. It has welcomed the opening of negotiations with new partners, Australia and New Zealand, and encouraged progress on negotiations with key partners, including Mexico and Mercosur (Argentina, Brazil, Paraguay, and Uruguay). The conclusion of some of these agreements has been particularly difficult.

- **EU-US trade talks:** The European Council welcomed the launch of TTIP talks with the US in 2013 and called for their conclusion before the end of 2015. However, TTIP triggered broad public criticism on both sides of the Atlantic. On the EU side, [resistance](#) to investment protection provisions as well as to provisions in sensitive sectors (agriculture and public procurement) led to a stalemate in the negotiations. Following the election of US President Donald Trump in 2016, whose administration expressed a desire to assess the TTIP framework, talks were [formally](#) put on hold. Following a Council [decision](#), issued on 15 April 2019, TTIP negotiations have been formally closed.
- Measures taken by the current US administration have signalled a shift towards a more protectionist trade agenda, ranging from [US tariffs](#) on steel and aluminium imports to [possible](#) tariffs on automotive imports. Early in 2018, the US imposed tariffs on EU steel and aluminium exports. EU leaders [underlined](#) that these could not be justified on the grounds of national security as alleged by the US under [Section 232](#) of the 1962 Trade Expansion Act and called for a permanent exemption. In an effort to engage in dialogue, in May 2018, EU leaders [agreed](#) to start talks with the US [in several areas](#)⁷, provided that the EU were granted a permanent exemption to the tariffs.⁸ A joint working group was set up to take forward work based on the agreed objectives.
- Following a number of meetings held throughout 2018, in January 2019 the [EU](#) and the [US](#) released their respective negotiating positions. In April 2019, the Foreign Affairs (Trade) Council [endorsed](#) two negotiating mandates on: 1) A [trade agreement](#) to remove tariffs on

⁷ They include: 1) Liberalising tariffs on non-auto industrial goods; 2) Strengthening cooperation on energy; 3) Reducing barriers and increasing trade in services, chemicals, pharmaceuticals, medical products and soybeans; 4) Reforming the WTO.

⁸ P. Ludlow, [briefing note 2018/3](#), Eurocomment, 4 June 2018.

industrial goods,⁹ excluding agriculture; and 2) An [agreement](#) on [conformity assessment](#),¹⁰ which would allow companies on both sides of the Atlantic to recognise the technical requirements of the other party, and thus, reduce costs of testing and certification of products. Other [issues](#) are also being discussed in view of facilitating trade in a number of [identified sectors](#), such as services, cybersecurity, chemicals, pharmaceuticals, medical devices and soybeans. These talks do not fall under the scope of the two negotiating directives mentioned above.

- No visible progress has yet been made on securing a permanent exemption from the tariffs, although according to the July 2018 [EU-US joint statement](#) there is a willingness to resolve this issue. In March 2019, the European Council called for [rapid implementation](#) of all the objectives in the [joint statement](#). On 17 May 2019, the US president [postponed](#) taking a decision on the imposition of tariffs on auto and auto part imports by six months¹¹, giving both parties time to negotiate further.
- **EU-China negotiations:** The EU launched negotiations with China on an EU-China comprehensive agreement on investment (CAI) in November 2013. The agreement will replace all bilateral investment treaties concluded by EU Member States except Ireland. Since 2010, the EU has also been negotiating an EU-China agreement on the protection of GIs. The EU has indicated that once the negotiations on the CAI have been finalised successfully, negotiations on a free trade agreement with China could be considered. The 2019 EU-China annual summit saw important commitments by China with regard to the conclusion of the CAI, expected by 2020, while negotiations on the agreement on GIs could be concluded as early as the end of 2019.
- The 2019 annual summit was preceded by a discussion of EU leaders concerning EU-China relations. Issues discussed ranged from the level of openness of Chinese markets to foreign investors to the security of 5G networks, China's relations with Africa, and its role in reforming the WTO. Before the European Council convened, the Commission and the High Representative issued a communication outlining their [strategic outlook](#) for EU-China relations, listing 10 priority areas for the endorsement of EU leaders. They underlined that rebalancing all dimensions of the EU's partnership with China required full unity among Member States and that, in engaging with China, all had a responsibility to ensure consistency with EU law, rules and policies. The EU leaders discussed [most of these issues](#), however they did not endorse the communication. While the conclusions of the meeting touched on the [economic and investment issues](#), the text did not single out China. It did however show a hardening of the EU's approach in the face of heightened competition from emerging economies; for that purpose, the EU is by putting in place a more effective 'toolbox' for action to address unfair policies and practices. This includes effective trade defence instruments and screening of foreign investments as well as measures to secure non-discriminatory access to public procurement markets abroad.

⁹ Industrial goods encompass all goods other than those included in Annex I of the WTO Agreement on Agriculture.

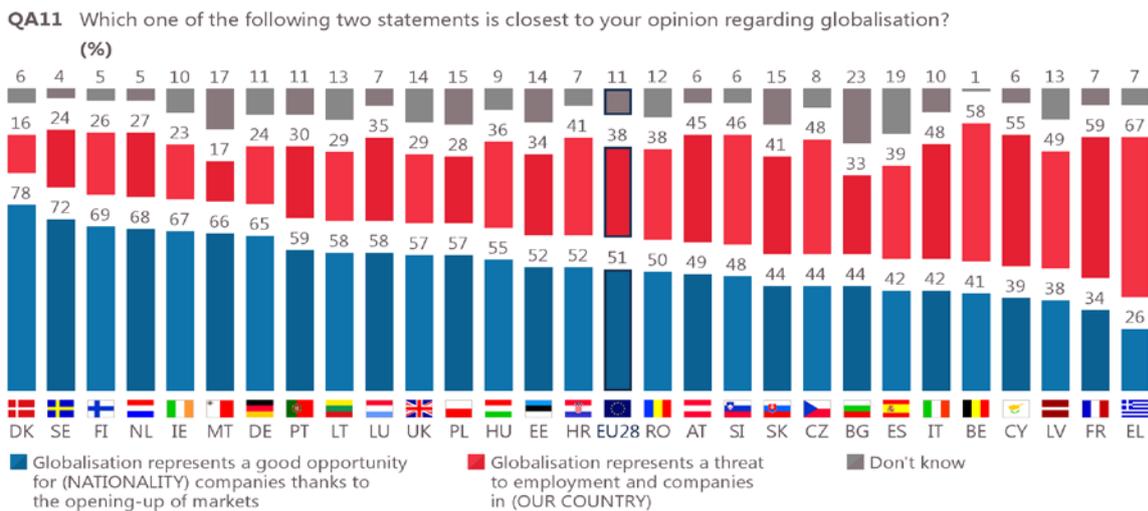
¹⁰ The conformity of a product is assessed before it being placed on the market, thus the product must meet all legislative requirements in the applicable product legislation. The conformity is assessed through testing, inspection and certification.

¹¹ On 23 May 2018, the US Department of Commerce started a Section 232 investigation into US imports of cars and car parts. Its report was published on 19 February 2019. On 17 May 2019, President Trump signed a proclamation setting a six-month deadline for the US to reach a deal with the EU to 'address the threatened impairment of the national security with respect to imported automobiles and certain automobile parts'.

8.4.2. Addressing unfair trade practices: trade defence instruments and the screening of foreign investments

The Bratislava Summit's broad objective of working towards a 'robust trade policy' is best illustrated in the [words](#) of President Tusk, as striking a fine 'balance between openness and protection', in other words '... to protect our free trade agenda at home, we must prove that we can defend Europe against those who want to abuse our openness'. This approach is reflected in the Commission communications on [Trade for All](#) (2015) and [Harnessing Globalisation](#) (2017). [Analysts](#) note that while the former focuses on pursuing a value-based strategy where trade benefits all, including workers in third countries, the latter maintains these same [core principles](#) but places a stronger emphasis on shielding European producers and workers from the negative effects of globalisation. Indeed, as trade in goods and services has become increasingly interconnected, European industries are facing increased competition and potential exposure to unfair trade practices from third countries. Although in a majority of EU Member States, citizens consider globalisation to represent a good opportunity for their companies, globalisation is also seen as a threat and source of social inequality.

Figure 13: Eurobarometer survey question on the impact of globalisation



Source: [Special Eurobarometer 461](#).

In this context, several issues have gained visibility on the European Council agenda since 2016, including that of the need to tackle the impact of overcapacity in the global steel industry, ensuring an effective [screening](#) of foreign investments in the EU and a higher level of openness on public procurement markets abroad, largely in the context of the China's growing economic clout.

- **Anti-dumping and anti-subsidies duties:** Given large [increases in steel imports](#) to the EU, at prices lower than the 'normal value',¹² in March 2016, EU leaders called for action to remedy the situation through the adoption of modernised trade defence instruments. Trade defence instruments, such as [anti-dumping and anti-subsidy duties](#), allow countries to take action against 'dumped' imports that can cause injury to domestic industry. Since then, the European Council has monitored progress made on the [modernisation of trade defence instruments](#), as

¹² Companies are considered to be dumping when they export products to the EU at prices lower than the normal value of the product sold on their own domestic markets.

well as on the adoption of a new [anti-dumping methodology](#), which entered into force in [December 2017](#) and [June 2018](#).

- **Screening of foreign direct investment:** The European Council addressed Member States' concerns regarding foreign direct investments by non-EU investors at its June and October 2017 meetings. As also outlined by the European Parliament, although foreign investments are beneficial for the EU economy, there can be instances where allowing certain investments could bear a risk for the Union's and Member States' security. Following the European Council request, a European framework for [screening foreign direct investment](#) has entered into force in April 2019, enabling for strengthened cooperation between the Commission and the Member States, with the latter retaining control over the final decision to block or allow an investment.
- **International procurement instrument (IPI):** The March 2019 European Council called on co-legislators to resume discussions on an international procurement instrument. While the EU has largely opened up its public procurement markets to third countries, the latter do not necessarily offer the same degree of openness to the EU. In this regard, the IPI seeks to improve the conditions under which EU businesses compete for public contracts in third countries while also strengthening the EU's position when negotiating the opening of public procurement markets abroad.

8.4.3. Reforming of the World Trade Organization

Over the years, the European Council has regularly expressed the EU's commitment to preserving the multilateral trading system, as embodied by the WTO, the world's main forum for negotiating trade rules and settling trade disputes. Since the beginning of the latest round of WTO trade negotiations in 2001 (the [Doha Round](#)), limited progress has been achieved; among the [reasons](#) for the stalemate are, notably, the [functioning](#) of the institution and its [inability](#) to fully address the unfair trade practices of some of its members. Nevertheless, members have been exploring plurilateral solutions in [different areas](#), and more recently, in January 2019, 48 WTO members and the [EU](#) agreed to start plurilateral negotiations on setting global rules on [electronic commerce](#). In the last couple of years, the US has expressed [criticism](#) with regard to the WTO dispute settlement system, in particular, by [blocking](#) the nomination of members to the [WTO Appellate Body](#), the body responsible for hearing appeals. At the same time, recent US tariffs on steel and aluminium have been criticised by [some](#) WTO members, and several of them, including the EU, have launched [formal complaints](#) against the tariffs¹³.

Against this background, in an effort to revitalise cooperation in the multilateral framework, the June 2018 European Council invited the Commission to propose a [comprehensive approach](#) to improving the functioning of the WTO in crucial areas, together with like-minded partners. The identified areas include: (i) more flexible negotiations, (ii) new rules addressing current challenges, e.g. industrial subsidies, (iii) the reduction of trade costs, (iv) a new approach to development, (v) a more effective and transparent dispute settlement and (vi) and the strengthening of the WTO as an institution, including in its transparency and surveillance function. On 18 September 2018, the Commission published a [concept paper](#) outlining ways to modernise the WTO in three areas: rulemaking, monitoring and dispute settlement.

At the same time, a number of initiatives are being pursued by the EU in different configurations. These include [trilateral meetings](#) held with the US and Japan to [discuss](#) common challenges, including subsidies, state-owned enterprises and forced technology transfers. At the end of October

¹³ On 26 April 2019 the World Trade Organization adopted [ruling](#) WT/DS512/7, giving its position on what could be considered a 'national security' exemption under [Article XXI](#) of the General Agreement on Tariffs and Trade (GATT).

2018, the [outcome](#) of a ministerial meeting bringing together 13 WTO members (Ottawa Group),¹⁴ including the EU, broadly [reflected](#) the proposals made by the EU in its September 2018 concept paper. At their second meeting, in January 2019, the Ottawa Group agreed to start [reviewing](#) the functioning of a number of WTO committees¹⁵.

Following the WTO General Council meetings in [December 2018](#), [February 2019](#) and [May 2019](#), proposals are gradually coming in from the various WTO members, including on the reform of the dispute settlement system, where the US [has not yet accepted](#) any proposal, not even the one [put forward](#) by the EU. Given the lack of progress on this issue, EU trade ministers [agreed](#) at the Foreign Affairs Council (Trade) in May 2019 that the EU 'should reach out to other WTO members to work on an interim solution that preserves the binding character and the two levels of adjudication of the WTO dispute settlement system'. An interim [agreement](#) of this kind has already been concluded with Canada, on 25 July 2019; it allows for the use of arbitration in the event of a future trade-related dispute between the two parties (Article 25 of the WTO Dispute Settlement Understanding).

8.5. Challenges ahead and outlook

As regards trade talks with the US, the US government [mandate](#) for the negotiations includes the agricultural sector, despite the fact that the European Commission [has indicated](#), on several occasions, that agriculture was excluded from the scope of the negotiations. Commission President Juncker and US President Trump, at their meeting in July 2018, agreed to focus on areas where results could realistically be achieved without addressing those areas where known sensitivities exist, such as, for instance on automobiles and public procurement on the US side, and on agriculture on the EU side¹⁶. However, statements on the US side indicate that the conclusion of an agreement with the EU would still require the [inclusion of agriculture](#) in the negotiations, in 'some form'. In addition, the US has called for solutions such as [voluntary export restraints](#)¹⁷ from trade partners, including the EU, to stave off car tariffs; such solutions are problematic as they are inconsistent with WTO rules and would therefore prove [unacceptable](#) to the EU. The Commission has also stated that the EU would [suspend](#) trade talks with the US in the event of new measures, such as car tariffs, being adopted against the EU under Section 232 of 1962 Trade Expansion Act and Section 301 of the 1974 US Trade Act, or any other similar US law. The conclusion of the negotiations would only be possible upon the removal of US tariffs on EU steel and aluminium exports.

In addition to the stalemate in the negotiations and the looming threat of car tariffs, the WTO dispute settlement body has settled a [long-standing dispute](#) between the EU and US on subsidies granted by the EU to the aircraft manufacturer Airbus. The WTO [decision](#) issued on 2 October 2019 is [favourable to the US](#), which entitles it to take action against the EU in the form of retaliatory tariffs. The EU engaged with the US to reach a [compromise solution](#) that would avoid new tariffs, but the US did not [accept](#) the proposal. Given that, by 2020, the WTO will also be ruling on a case brought

¹⁴ The 'Ottawa Group', led by Canada includes Australia, Brazil, Chile, the European Union, Japan, Kenya, Mexico, New Zealand, Norway, Singapore, South Korea and Switzerland.

¹⁵ The initial focus will be on the work in four WTO bodies – Rules of Origin, Sanitary and Phytosanitary Measures, Council for Trade in Services, and Technical Barriers to Trade.

¹⁶ In order for a trade agreement to be compliant with WTO rules, this agreement would have to cover 'substantially all trade between the parties', as well as ensure a 'substantial sectoral coverage', which could be difficult to achieve if both automobiles and agriculture were to be completely excluded.

¹⁷ [Voluntary export restraints](#) are bilateral arrangements whereby an exporting country (government or industry) agrees to reduce or restrict exports without the importing country having to make use of quotas, tariffs or other import controls.

by the EU against the US regarding subsidies granted to Boeing, the EU may have a chance to retaliate in due course.

The escalation of trade tensions between the US and China, as well as the increasing number of unilateral measures taken by the US in the last year, have created uncertainty in global trade. The threat of collapse of the WTO dispute settlement system, with only one member left to settle disputes by the end of this year, undermines the WTO system as a whole. WTO reform and the EU's relations with China have featured high on the agenda this year, with the 2019-2024 strategic agenda clearly signalling the need for EU action in the face of unfair practices. The 2019-2024 strategic agenda and the guidelines issued by the Commission President-elect place trade issues among the top priorities for the coming years, with a focus on strengthening the EU's global leadership as well as improving the EU's ability to compete on a level playing field on the global market.

The EU remains committed to preserving the rules-based multilateral trading system, as confirmed by a [majority](#) of EU Heads of State or Government, who have expressed their [support](#) on this issue when outlining their visions for the future of the Union. What is needed now 'is more political unity and determination', and as European Council President Tusk [emphasised](#), 'in order to be the subject and not the object of global politics, Europe must be united economically, politically and also militarily like never before. To put it simply: either we are together, or we will not be at all'.

9. Development policy

9.1. Background

In recent years, discussions in the European Council on development policy issues have placed strong emphasis on relations between the European Union and the African continent. This focus has been linked to a large extent to the consequences of the migration crisis that started to unfold in 2015. The high degree of attention paid to migration issues is reflected in the conclusions of the European Council. In the period between 2015 and 2017, the European Council dealt¹⁸ with migration issues, in particular its external dimension, in at least four to six meetings every year. Amongst the core directions set by Heads of State or Government in order to shape a long-term solution to the migration crisis, high priority was granted to initiatives aimed at tackling the root causes of migration and at promoting economic development in countries of origin and transit. In this context, the European Council reflected, more specifically, on ways to deepen the EU's partnership with African countries.

On several occasions throughout 2018, the European Council expressed its commitment to take the EU's partnership with Africa to a new level, in line with principles and objectives defined in the [Agenda 2063](#), the African Union's (AU) strategic framework for the socio-economic transformation of Africa. This endeavour comes at a time when profound changes are occurring on the African continent, such as the creation of an African single market for goods and services ([African Continental Free Trade Area](#)) and a renewed impetus towards the institutional and financial [reform](#) of the AU.

At the same time, the Heads of State or Government have also emphasised a renewed partnership with African, Caribbean and Pacific (ACP) countries through the conclusion of economic partnership agreements. The [launch of negotiations](#) on the revision of the Cotonou Partnership Agreement (CPA), the framework of cooperation between the EU and the ACP countries, in September 2018, is designed to 'transform the current partnership into a modern political framework geared to deliver on the Sustainable Development Goals'. Negotiations on [economic partnership agreements](#) have been finalised with regional groupings in Southern, West and East Africa, but the [final agreements](#) have not yet been endorsed by all the states. In his [State of the Union address](#), in 2018, Commission President Jean-Claude Juncker called for these agreements to be developed into a 'continent-to-continent free trade agreement, as an economic partnership between equals'.

9.2. Legal basis for European Council action in development policy

- **Article 22(1) TEU:** On the basis of the principles and objectives set out in [Article 21 TEU](#), the European Council shall identify the strategic interests and objectives of the Union. Decisions of the European Council on the strategic interests and objectives of the Union shall relate to the common foreign and security policy and to other areas of the external action of the Union. Such decisions may concern the relations of the Union with a specific country or region or may be thematic in approach [...].

¹⁸ See European Council Oversight Unit in-depth analyses: The European Council in 2017: [Overview of decisions and discussions](#), The European Council in 2016: [Overview of decisions and discussions](#), and [The European Council in 2015](#).

- **Article 16(6) TEU:** The Foreign Affairs Council shall elaborate the Union's external action on the basis of **strategic guidelines laid down by the European Council** and ensure that the Union's action is consistent.

9.3. Strategic orientations

Cooperation with African partners takes place under several frameworks at EU level. This includes cooperation with countries in Sub-Saharan Africa under the [Cotonou Partnership Agreement](#) and cooperation with North Africa countries under the [EU neighbourhood policy](#). The EU and the AU also carry out political dialogue on key issues on the basis of the joint Africa-EU strategy (JAES) adopted in 2007. The strategy sets out the intention of both continents to move beyond a donor/recipient relationship towards cooperation on jointly identified objectives.

The EU-AU summit in Abidjan, in November 2017, attended by European Council President Donald Tusk, was an important opportunity to [discuss](#) the future direction for cooperation between the two continents. Leaders agreed to focus on four priorities over the next years: 1) investing in people, through collaboration in education, science, technology and skills development, 2) strengthening resilience, peace, security and governance, 3) managing migration and mobility, and 4) mobilising investments for a structural and sustainable transformation of the African continent.

Following up on these objectives, the June 2018 European Council emphasised that the challenges brought about by migration required a partnership, which could take cooperation between the two continents to a new level. This cooperation would aim at a substantial socio-economic transformation of the continent, with a number of issues on which to further develop relations singled out, notably: education, health, infrastructure, innovation, good governance and women's empowerment. EU leaders called for increased development funding as well as for a new framework enabling an increase in private investment from both African and European investors.

9.4. Noteworthy commitments: specific requests and follow-up

9.4.1. Alliance for sustainable investment and jobs

Following up on the Abidjan objectives and in response to the European Council call for increased investments in Africa, Commission President Juncker proposed the creation of an [alliance for sustainable investment and jobs](#) (Alliance) in September 2018. The Alliance is intended to encourage investment, support education and skills development, boost intra-African trade and improve the business environment. It is expected to support the [creation of 10 million jobs](#) in Africa in the next five years. The October 2018 European Council [has welcomed](#) the proposal and called for actions to be taken forward, including through concrete proposals for Member States' involvement. Four joint task forces have now been set up to [improve collaboration](#) in the fields of agriculture, digital economy, energy, and transport.

9.4.2. Cotonou Partnership Agreement

As early as 2013, the European Council emphasised the importance of negotiating a renewed Partnership Agreement with ACP countries before its expiry in 2020. Since then, progress has been made on both sides. On the EU side, [negotiating directives](#) were adopted in June 2018, based on the Commission [recommendation](#) of December 2017. The [mandate](#) for negotiations of the ACP group was adopted in May 2018. The EU supports an umbrella agreement defining common values and interests, with three distinct groups within the African, Caribbean and Pacific countries. Negotiations were launched in September 2018 and first focused on the [common foundation](#) at EU-

ACP level, with more recent meetings addressing the priorities and needs of the three regions, [African](#), the [Caribbean](#) and the [Pacific](#).

9.4.3. Cooperation with Africa on migration

The November 2015 Africa-EU summit on migration (Valletta Summit) brought EU and African leaders together to address the challenges and opportunities brought by migration. The summit led to the adoption of a [political declaration](#) and an [action plan](#) based on five strands of action. EU and African leaders thus committed to: 1) tackling the root causes of irregular migration and forced displacement; 2) enhancing cooperation on legal migration and mobility; 3) reinforcing the protection of migrants and asylum seekers; 4) preventing and fighting irregular migration, migrant smuggling and human trafficking; and 5) improving cooperation on return, readmission and reintegration of irregular migrants. Tackling the root causes of migration by providing economic and social opportunities in partner countries are at the [core](#) of the EU's long-term approach to the migration crisis.

Two years later, in his [remarks](#) at the opening of the Abidjan summit, President Tusk acknowledged that migration was a long-term issue for both Europe and Africa and that it was essential to agree on common ground to effectively cooperate in the years to come. 'It is in all our interests to have orderly migration that is more controlled, more humane and sustainable'. Therefore, in an effort to find common solutions, [high-level dialogues](#) have been held with African partners, in particular with countries of origin and transit of irregular migrants. A series of initiatives have been launched with a number of [countries](#), notably partnerships on the management of migration (migration partnerships),¹⁹ based on '[effective incentives and adequate conditionality](#)'. A number of external action instruments have also been launched, including [EU trust funds](#), such as the [EU Emergency Trust Fund](#)²⁰ (EU Trust Fund for Africa) dedicated to [implementing](#) the objectives agreed at the Valletta Summit. Moreover, the External Investment Plan, launched in 2017, contributes to implementing the migration partnerships by [scaling-up private investment](#) in the partner countries.

Analysts [note](#), however, that since 2015, EU action to address irregular migration has gradually led to the [instrumentalisation](#) of development policy instruments for migration management purposes. The EU Trust Fund for Africa and the migration partnerships [prioritise](#) the management of irregular migration through the use of different policies and tools, including development aid. The partnerships have explicitly introduced [conditionality](#) to cooperation with third countries on return and readmission of irregular migrants. With regard to the EU Trust Fund for Africa, which is [largely funded](#) with money from the [European Development Fund](#) (EDF),²¹ an off-budget fund, [concerns](#) have already been [expressed](#) by the European Parliament, as the primary focus of the EDF remains the 'economic, human and social development of the host country'. Nevertheless, measures taken so far [reflect](#) EU policy approaches on the external dimension of migration²²: while the short term

¹⁹ The global approach to migration and mobility had previously led to the creation of [bilateral mobility partnerships](#) with key third countries. They served as a bilateral framework for dialogue and practical cooperation to address relevant migration and mobility issues.

²⁰ Full title: 'European Emergency Trust Fund for stability and addressing root causes of irregular migration and displaced persons in Africa'.

²¹ The European Parliament [has called in several resolutions](#) for increased scrutiny powers over the EU Trust Fund for Africa. It has welcomed the flexibility and reactivity of the trust fund, but insisted that similar funding instruments outside the EU budget had to remain the exception, since they fall outside the control of the budgetary authority and undermine the unity of the budget. The Parliament has long [called](#) for the integration of the European Development Fund, which is financed by yearly contributions from EU Member States, into the EU budget.

²² The [global approach to migration](#) (GAM) was first defined by the European Council in its [conclusions](#) of 15-16 December 2005. The GAM comprised the whole migration agenda, including legal and irregular migration, combating human trafficking and smuggling of migrants, strengthening protection for refugees, enhancing migrant

priority of migration partnerships²³ is indeed to achieve 'results in terms of [...] returns of irregular migrants', their long-term objective of [addressing](#) the 'root causes of irregular migration and forced displacement' remains an essential element of this approach. In its conclusions of [28 June 2016](#), the European Council endorsed the Commission proposal for a new partnership framework with third countries, and recalled its commitment to the EU's comprehensive approach to migration in its meetings of [20-21 October 2016](#), [15 December 2016](#), and [23 June 2017](#).

9.5. Challenges ahead and outlook

Regarding negotiations on the Cotonou Partnership Framework, progress has been slow and negotiators have discussed the possibility of an [extension](#) of the agreement beyond February 2020, including the necessary transitional measures. Nevertheless, in late September 2019, chief negotiators approved the text of the agreement [establishing the economic priorities](#) of the future partnership, and they are set to meet again in late October for the next [round of talks](#). While the EU has chosen to maintain the [specificity](#) of its relationship with ACP countries under this framework, the EU also aims to further consolidate the continent-to-continent dimension of its relationship with Africa, as [called](#) for by the Heads of State or Government.

Although, in recent years, the migration crisis has been high on the agenda in the European Council, EU leaders have underlined on many occasions their commitment to develop EU's strategic partnership with Africa further, an important priority for the EU as emphasised in the [2019-2014 strategic agenda](#). The Commissioner-designate for international partnerships, Jutta Urpilainen, has thus been tasked with [developing](#) a new comprehensive strategy for Africa by building on the alliance for sustainable investment and jobs.

While measures taken so far in response to the migration and refugee crises have reduced the number of irregular migrants entering the EU, they have also been [criticised](#) by [experts](#) in the [academic](#) and [legal](#) spheres. EU Member States are notably criticised for having invested significant resources in strengthening the [border management capabilities](#) of third countries, including support to the [Libyan coastguards](#), while only offering [limited legal migration](#) opportunities into the EU. Critics point out that the inability to reach agreement on the reform of the common European asylum system (CEAS) has further increased [reliance](#) on solutions to the crisis beyond the EU borders. Moreover, in the [absence of progress](#) on the legislative reform of CEAS, Member States have been discussing [alternative ways](#) to address the issue of the disembarkation of migrants rescued at sea. Following an [agreement](#) reached in July 2019 among 14 Member States, a [mechanism for temporary disembarkations](#) of migrants is currently being [discussed](#).

rights and harnessing the synergies between migration and development. In 2011, the Commission highlighted the need to strengthen the external migration policy and published a revised strategy, the [global approach to migration and mobility](#) (GAMM), later complemented by the [European agenda on migration \(2015\)](#) and the new [partnership framework with third countries \(2016\)](#).

²³ The first migration partnerships were concluded at the end of 2016 with Jordan and Lebanon. Although partnerships were initially [envisaged](#) as tailor-made formal agreements (compacts), relations with key third countries of migration origin and transit (Niger, Nigeria, Senegal, Mali, Ethiopia, Tunisia and Libya) have evolved into a more pragmatic form of continued and operational cooperation involving a mix of political, aid and security engagements.

This EPRS publication, 'Key issues in the European Council', which will be updated quarterly to coincide with European Council meetings, aims to provide an overview of the institution's activities on major EU issues. It analyses nine policy areas, explaining the legal and political background and the main priorities and orientations defined by the European Council. It also assesses the results of European Council involvement to date and identifies future challenges in the various policy fields.

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