

Outcome of the European Council of 19-20 March 2015

As the EPRS Outlook for the Spring European Council foresaw, European Union leaders approved the building blocks for a European Energy Union, endorsed the Commission's Annual Growth Survey (AGS), linked sanctions against Russia to the complete implementation of the Minsk agreements, and called for a government of National Unity in Libya. The Heads of State or Government also appointed Jeppe Tranholm-Mikkelsen as new Secretary General of the Secretariat-General of the Council.

1. Energy Union

The European Council stated its commitment to building an Energy Union with a forward-looking climate policy on the basis of the Commission's framework strategy, which was unveiled on 25 February 2015. In its Conclusions, the European Council asked the Council to report back on progress made by the EU institutions and the Member States before December and committed itself to giving further political guidance.

The Conclusions refer to all five inter-related and mutually reinforcing dimensions of the Energy Union Strategy: 1) energy security, solidarity and trust; 2) a fully-integrated European energy market; 3) Energy efficiency contributing to moderation of demand; 4) de-carbonising the economy; and 5) research, innovation and competitiveness. They highlighted nine aspects of the Strategy, ranging from enhancing energy security and the need for an inter-connected internal energy market, and transparency of agreements with external suppliers, to the need for revising and developing legislation on energy-efficiency, renewables and emissions reduction and developing a climate-related technology.

Ahead of the COP 21 Paris Climate Conference in December 2015, the EU Heads of State or Government expressed support to coordinated actions in the area of climate diplomacy, referring to the EU's intended nationally-determined contribution, submitted to the UNFCCC secretariat, and urging other parties to also present their contributions before the March deadline.

2. Growth and Jobs

2.1 European Semester

EU leaders endorsed the 2015 Annual Growth Survey (AGS) adopted by the Commission last November, which marks the kick-off of the 2015 European Semester of fiscal and economic policy coordination and highlights EU priorities to boost economic recovery and employment. It puts special emphasis on the so-called 'virtuous triangle' of boosting investment and implementing structural reforms while maintaining fiscal responsibility.

The European Council also discussed the EU economic situation and the implementation of structural reforms by the Member States following the publication by the Commission late February of

the Country Reports, which assess the economic situation in EU Member States and the euro area. Through the early publication of the Country Reports, the Commission aims at strengthening national ownership of reforms and enhancing dialogue with the main stakeholders - namely, Member-State governments, the European and National Parliaments, and the social partners. Currently, as EP President Martin Schulz pointed out in his speech before the European Council, only 9 per cent of CSRs were fully implemented by Member States in 2013. Member States are now invited to submit their Stability or Convergence Programmes and their National Reform Programmes by mid-April, taking into account EU economic priorities as presented in the 2015 AGS. Based on their analysis, the Commission will issue a new set of Country-Specific Recommendations (CSR) in the course of May, to be subsequently endorsed by the European Council in late June and then formally approved by the Council.

2.2 Investment plan

The European Council took stock of progress made on the Investment Plan presented by Commission President Jean-Claude Juncker in late November 2014. In particular, EU leaders welcomed the agreement reached in the Council on the regulation for the European Fund for Strategic Investment (EFSI). They reiterated their invitation to the Union's legislators to adopt the regulation by June so as to pave the way for the activation of new investments across Europe. EU leaders also called for reinforced cooperation between the European Investment Bank group and national promotional banks, in addition to the setting-up of the EFSI, with a view to strengthening the impact of the Investment Plan on the real economy. Four Member States (DE, FR, IT and ES) have already announced a total contribution of 21 billion euro to the EFSI through their national promotional banks.

2.3 TTIP negotiations

The European Council also reiterated its call on the EU and the United States to make progress towards concluding the negotiations on the TTIP by the end of 2015, in line with the December 2014 European Council Conclusions. Public support and enhanced transparency were deemed to be key to ensuring a successful deal. Commission President Jean-Claude Juncker had called on Member States to clarify their respective positions and intentions on the TTIP during the March plenary session. The ninth round of bilateral talks will take place in Washington D.C. in April and the EP is currently also drafting recommendations to the negotiators. The final report is expected to be adopted in May.

3. External relations

Terrorist attack in Tunisia

President Tusk started the European Council with a minute's silence in respect of victims of the terrorist attack in Tunis on 18 March. The Heads of State or Government issued a statement condemning the attack. In the statement, the European Council said it 'extends its deepest sympathy to the victims, their families and the Tunisian people' and promises to 'intensify cooperation with Tunisia to counter this common terrorist threat, to strengthen Tunisia's promising democracy and to assist its economic and social development.'

3.1 Eastern Partnership

The European Council of 19-20 March was the last such meeting before the Eastern Partnership Summit in Riga on 21 May. It reiterated its full commitment to the Eastern Partnership and agreed that the next phase should be about building up state institutions and strengthening the rule of law, based on each country's needs and preferences.

European leaders also called for the earliest possible ratification of the Association Agreements/Deep and Comprehensive Free Trade Areas (AAs/DCFTAs) with Georgia, Republic of Moldova and Ukraine, by all Member States, in accordance with their national procedures. The provisional application of the AAs/DCFTAs with started on 1 September 2014 for Georgia and the Republic of Moldova, and on 1 November 2014 for Ukraine.

3.2 Russia and Ukraine

The Heads of State or Government called in the European Council conclusions on 'all parties to swiftly and fully implement the Minsk agreement' and underlined the 'Russian authorities' responsibility in this regard'. They also expressed their willingness to support the process, in particular 'the OSCE's ability and capacity to monitor and verify the implementation of the Minsk agreements.' The European Union will also 'continue its efforts in the trilateral processes on energy and EU-Ukraine DCFTA (Deep and Comprehensive Free Trade Agreement) implementation'. The European Commission on 20 March hosted the first trilateral talks with the Ukraine and the Russian Federation regarding gas supplies to Ukraine. Acknowledging the 'Ukrainian government's reform efforts so far', the European Council called on it 'to further intensify its work'. Heads of State or Government also expressed their continued support to the Ukrainian reform process and 'called for the third Macro-Financial Assistance package for Ukraine to be adopted as a matter of urgency'.

Concerning the sanctions against Russia, the European Council 'agreed that the duration of the restrictive measures against the Russian Federation, adopted on 31 July 2014 and enhanced on 8 September 2014, should be clearly linked to the complete implementation of the Minsk agreements, bearing in mind that this is only foreseen by 31 December 2015.' This means that the sanctions against Russia will most likely not be lifted before the end of the year. The necessary decisions 'will be taken in the coming months', most probably at the next European Council meeting on 25-26 June. Analysts see this as a compromise between those Member States wanting to immediately extend the sanctions and those wishing to delay action.

The European Council reiterated its non-recognition of 'the illegal annexation of Crimea and Sevastopol by the Russian Federation' and expressed its commitment to 'fully implement its non-recognition policy'. This reconfirms a declaration by the High Representative on behalf of the EU on Crimea on 16 March.

The European Council also stressed the 'need to challenge Russia's ongoing disinformation campaigns and invited the High Representative, in cooperation with Member States and EU institutions, to prepare by June an action plan on strategic communication.'

3.3 Libya

The European Council called for an immediate and unconditional ceasefire in Libya and urged parties to rapidly agree on a Government of National Unity. Only a political solution can 'provide a sustainable way towards democratic transition'. The European Union 'is committed to ongoing UN efforts and will reinforce its current support to UNISMIL and the unity process.' It commended the work of the Special Representative of the United Nations Secretary-General. The next stage in the negotiations will be the discussion on the names of the people who will be part of the unity government. United Nations Libya mediator Bernardino Leon stated on 23 March that a Government of National Unity could be in place by the end of the week, after which 'the EU stands ready, with countries in the region and international partners to contribute to its implementation'. Proposals from the HR/VP Federica Mogherini are expected, as agreed at the Foreign Affairs Council meeting of 16 March. Regarding the threat posed by terrorism, in particular by Daesh, the European Union will step up its engagement in counter-terrorism actions in the region 'with relevant partners'.

Furthermore, the actions agreed upon at the Justice and Home Affairs Council meeting on 9/10 October 2014 with regard to better management of migratory flow by strengthening Triton and the Frontex Operation in the Central Mediterranean., should be implemented. On 4 March, 2015, the European Commission launched its work on a comprehensive European Agenda on Migration in view of submitting the complete Agenda by May 2015.

New Council Secretary-General

As an additional item on the agenda, the European Council endorsed the proposal of President Tusk to nominate Mr Jeppe Tranholm-Mikkelsen, Danish Permanent Representative to the European Union, as the next Secretary-General of the Council, and invited the Council to proceed as soon as possible with the formal appointment.

Manuscript completed on 27 March 2015. Brussels © European Union, 2015.

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