

Outcome of the informal European Council in Versailles on 10-11 March 2022

At the informal European Council meeting held in Versailles, outside Paris, on 10-11 March 2022, EU leaders focused on Ukraine, security and defence, energy, and economic and financial affairs. They adopted the 'Versailles Declaration', condemning the 'unprovoked and unjustified' Russian military aggression against Ukraine, praising the Ukrainian people's courage, demanding that Russia end its aggression, and stressing that the EU remained 'ready to move quickly with further sanctions'. They also agreed to phase out EU dependency on Russian fossil fuels, though without setting a deadline, recognised Ukraine's 'European aspiration', and committed to support reconstruction 'once the Russian onslaught has ceased'. The leaders reiterated the Union's commitment to 'take more responsibility for its own security', including by bolstering investment in defence capabilities and by strengthening the defence industry. They identified critical raw materials, semiconductors, health, digital and food as key sectors where the EU should reduce its strategic dependence, stating that it was time for the Union to 'take further decisive steps towards building our European sovereignty'. Finally, EU leaders stated that national fiscal policies would need to take account of investment needs and reflect the new geopolitical situation.

1. Background

In his letter of invitation, the President of the European Council, Charles Michel, [stressed](#) that 'it is more urgent than ever that we take decisive steps towards building our sovereignty, reducing our dependencies and designing a new growth and investment model'. He outlined the three main topics EU leaders would focus on in addition to Ukraine, which, in the light of events, was the main discussion point. These were: i) strengthening defence capabilities; ii) reducing energy dependency, in particular on Russian fossil fuels; and iii) building a more robust economic base. This was a substantially amended and expanded agenda compared with the original topics of discussion – investment and growth – [announced](#) in the indicative Leader's Agenda in October 2021. Michel [spoke](#) of a 'strategic summit' to decide on an operational agenda, with a view to making the EU more sovereign and less dependent. Ahead of the meeting, he once [again](#) organised preparatory meetings by video-conference with various [smaller groups](#) of Heads of State or Government, with the aim of building consensus on the various agenda items in advance.

The meeting opened with an [address](#) by the President of the European Parliament, Roberta Metsola. EU leaders were joined for the debate on economic and financial affairs by the Presidents of the European Central Bank, Christine Lagarde, and the Eurogroup, Paschal Donohoe.

2. Main results of the European Council meeting

EU leaders discussed Ukraine over dinner and adopted a [statement](#) on 'Russian military aggression against Ukraine', then incorporated within the final [Versailles Declaration](#). The text outlines new strategic guidelines for security and defence, energy, and economic and financial affairs.

Ukraine

EU leaders stressed Russia's responsibility for the war in Ukraine and for targeting civilians. They underlined that 'those responsible will be held to account for their crimes'. They demanded that the

'safety and security' of nuclear facilities in Ukraine be ensured with the support of the International Atomic Energy Agency, and that Russia withdraw its forces from the 'entire territory of Ukraine immediately and unconditionally', and fully respect 'Ukraine's territorial integrity, sovereignty and independence within its internationally recognised borders'.

EU leaders praised the courage of the Ukrainians and stressed the EU was resolute in its coordinated 'political, financial, material and humanitarian support' for Ukraine as well as determined to step up pressure on Russia and Belarus, including through further sanctions. Michel [indicated](#) that the EU had 'imposed on Russia the strictest sanctions ever adopted', whilst European Commission President Ursula von der Leyen [confirmed](#) that a fourth package of sanctions was being examined. The Prime Minister of Latvia, Krišjānis Karinš, [underlined](#) that the EU should 'go much faster, much further' with the sanctions, generalise the SWIFT ban across all banks in Russia and Belarus, and stop energy imports, in order not only to isolate but also to rapidly cripple the Russian economy.

Two weeks after the Russian invasion, over 2.5 million [Ukrainians](#) have fled the war and 2 million are internally displaced. EU leaders emphasised that the Union was offering 'temporary protection to all war refugees from Ukraine', commended European countries, in particular those bordering Ukraine, for their solidarity, confirmed that the EU would continue to 'offer humanitarian, medical and financial support to all refugees and the countries hosting them' through [REACT-EU](#), and called for the rapid adoption of the proposal on [Cohesion's Action for Refugees in Europe](#) (CARE).

Main message of the President of the European Parliament: Roberta Metsola stressed that 'sanctions must continue to bite hard', warning that 'Putin will not stop in Kyiv, just as he did not stop in Crimea'.

Enlargement

Although enlargement was not on the agenda in President Michel's invitation letter, in light of the membership applications received from Ukraine, Moldova and Georgia, the topic had to be considered, not least to give a political signal. The debate centred on whether or not to 'fast-track' Ukraine's accession. The Prime Minister of Slovakia, Eduard Heger, made a [proposal](#) to invite the President of Ukraine regularly as a guest to European Council meetings. EU leaders acknowledged Ukraine's 'European aspirations and the European choice' expressed in the [Association Agreement](#), and called for efforts to 'further strengthen our bonds and deepen our partnership to support Ukraine in pursuing its European path'. The President of Lithuania, Gitanas Nausėda, [tweeted](#) that the 'heroic Ukrainian nation deserves to know that they are welcome in the EU'.

EU leaders noted the Council's swift action in inviting the European Commission to submit – 'in accordance with the relevant provisions of the Treaties' – its opinion not only on the Ukrainian bid, but also on the Moldovan and Georgian requests. This development does not preclude the European Council from stepping in later, on the basis of [Article 49 of the Treaty on European Union](#) (TEU) to review ground rules and set specific conditionality for 'fast-tracking'. Article 49 TEU, which the declaration does not refer to explicitly, lays down the eligibility criteria and procedure in only [limited detail](#), and states that 'the conditions of eligibility agreed upon by the European Council shall be taken into account'. This is understood as referring to the [Copenhagen criteria](#) set by the European Council back in 1993 and to [subsequent changes](#) to them, including stricter conditionality rules agreed in [recent years](#).

Main message of the President of the European Parliament: Roberta Metsola stressed that 'an open European perspective' would give Ukraine, Moldova and Georgia hope of a European future.

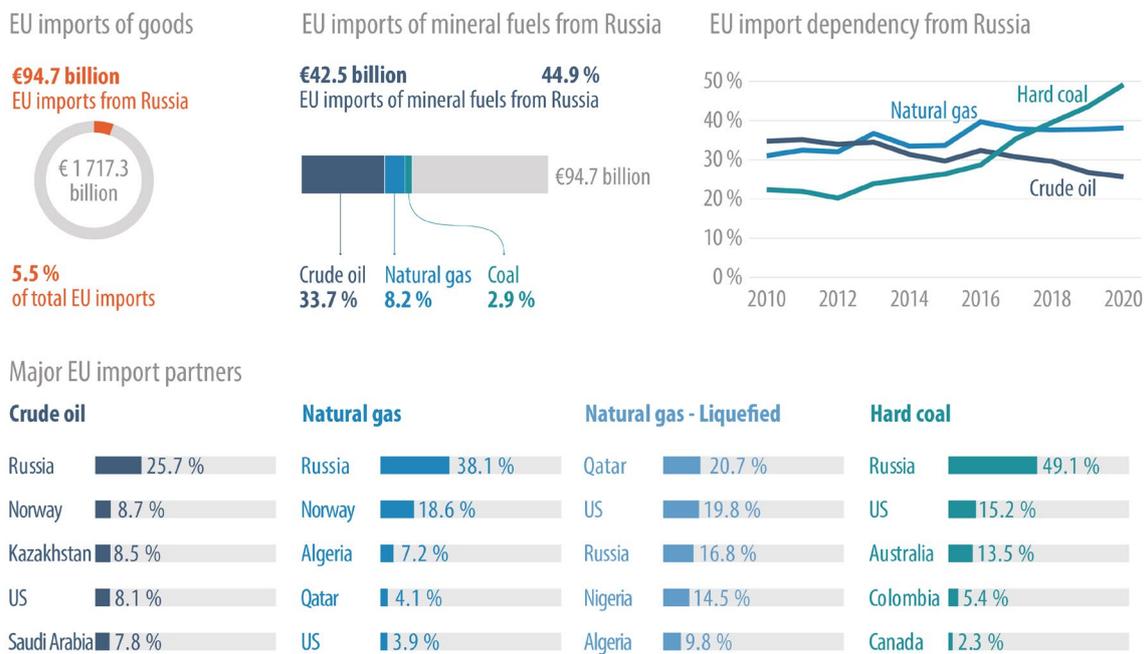
Energy policy

Given the situation, EU leaders agreed to phase out EU dependency on Russian gas, oil and coal as soon as possible – no date being specified. This should be done notably by reducing 'overall reliance on fossil fuels, diversifying suppliers and routes by using LNG and developing biogas' as well as by 'developing a hydrogen market in Europe' and accelerating development of renewables. Moreover, 'the interconnection of European gas and electricity networks' should be improved. The European Commission had already [published](#) REPowerEU, a communication in which it proposed to cut by

[two-thirds](#) the EU's dependency on Russian gas by the end of 2022. The Commission President [confirmed](#) after the meeting that, by May 2022, the Commission would present a plan allowing fossil fuel dependency on Russia to be phased out by 2027. She [called](#) the Versailles meeting a 'finding moment' triggering a rethink of energy policy from an energy security perspective, with a view to reducing dependency on Russian fossil fuels and investing in home-grown renewable energy

The High Representative/Vice-President of the Commission (HR/VP) Josep Borrell [recognised](#) that the EU had increased its dependency on Russian gas since 2014. Figure 1 shows that, with the exception of crude oil, mineral fuels imports have increased. In 2020, Russia was the EU's number one supplier of crude oil, hard coal and natural gas, with the exception of LNG. Overall, [47 % of the EU's gas and 25 % of its petroleum](#) came from Russia in the first half of 2021. The debate on reducing energy dependency is not new. In 2014, EU leaders adopted the [2014-2019 Strategic Agenda](#) recognising that 'Europe's current energy dependency is a vulnerability' and that 'diversification of energy supply and routes' was needed 'to reduce energy dependency, notably on a single source or supplier'. The [2019-2024 Strategic Agenda](#) reiterated that call.

Figure 1 – EU imports of mineral fuels from Russia (2020)



Data source: Eurostat ([Comext](#), [nrg_ti_sff](#), [NRG_TI_OIL](#) and [NRG_TI_GAS](#)) and author's calculations.

EU leaders also committed to 'urgently address' the current spike in energy prices 'and consider concrete options' to counter its impact. In close coordination with the European Commission, initial measures had been put in place at national level in the fall of 2021. In a [letter](#) addressed to Ursula von der Leyen, however, the Greek Prime Minister, Kyriakos Mitsotakis, called for measures to counter the 'weaponisation' of gas as a result of Russia's war in Ukraine, including 'targeted and temporary market intervention' to avoid speculation. EU leaders will return to the topic at their [forthcoming meeting](#) on 24-25 March 2022, at which they are [expected](#) to take decisions allowing action to counter the impact of energy prices on the most vulnerable citizens.

Main message of the President of the European Parliament: Roberta Metsola [stressed](#) that the EU's 'immediate goal must be energy security' based on diversity of sources, suppliers and routes. She underlined that the EU should move towards 'zero gas from Russia' and stated that 'the bottom line is that we should not be forced to fund the bombs falling on Ukraine'.

Security and defence

EU leaders reaffirmed their commitment to strengthen European security and defence and increase the EU's 'capacity to act autonomously'. They stressed that close EU-NATO cooperation was key to European security and that an EU stronger on defence, complementary to NATO, would only make it a more reliable transatlantic partner. EU leaders acknowledged that for those Member States that are also members of NATO, the Alliance remained the foundation of their collective defence. They therefore committed to continue 'to invest in our mutual assistance under Article 42(7) TEU'. In a [joint letter](#), Finland and Sweden had recalled the [mutual assistance clause \(Article 42\(7\) TEU\)](#), which sets an obligation of 'aid and assistance by all the means in their power, in accordance with [Article 51](#) of the United Nations Charter'. There are still [lessons to be learned](#) from the [first activation](#) of the clause in 2015, which could help to clarify the procedure to be followed in the event of any new activation.

The Prime Minister of Sweden, Magdalena Andersson, stressed that Russia's invasion of Ukraine had shifted the continent's security equilibrium, [confirming](#) her country's decision to increase defence spending to 2 % of GDP. Several other EU countries, including [Germany](#) and [Romania](#), have also announced an increase in their defence spending. At Versailles, EU leaders committed to bolstering the development of joint capabilities, building synergies between civil and defence space research and strengthening the European defence industry. Ursula von der Leyen [announced](#) that the European Commission would prepare an 'analysis of the defence investments gaps' by May 2022, when EU leaders are expected to meet informally. In the interim, EU leaders are expected to endorse the [Strategic Compass](#) at the spring European Council meeting on 24-25 March 2022.

Main message of the President of the European Parliament: Roberta Metsola [stressed](#) that the EU 'must go beyond the European Defence Fund and make the EU budget work for our security and defence policy whenever it adds value'. She underlined that PESCO should be reformed to facilitate flexible and resilient projects and that the EDA 'should be brought under the EU's budget umbrella'.

Reducing dependencies, boosting the economy and fostering investments

Given the '[new geopolitical situation](#)', EU leaders agreed to foster investment by mobilising EU and national public funding. Although the modalities have yet to be defined, national fiscal policies will reflect these needs. The leaders also committed to a robust trade policy and agreed that the EU should [reduce its dependence](#) on others, identifying five strategic areas: critical raw materials, health, digital, food security and semiconductors. For semiconductors, the leaders set a measurable objective: to develop EU production capacity to secure 20 % of the global market by 2030. A 2008 French Senate [report](#) stressed the strategic nature of the EU semiconductor industry, which was at risk because of global market shifts. The EU's share of the global market has since reached a [historic](#) low.

Main message of the President of the European Parliament: Roberta Metsola underlined that the EU needed to focus on 'restructuring and reinvesting in research and raw materials'.

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