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NOTE

From: General Secretariat of the Council
To: Permanent Representatives Committee/Council

Subject: Taking forward the Strategic Agenda
18-month Programme of the Council (1 July 2017 - 31 December 2018)

Delegations will find attached the 18-month programme of the Council, prepared by the future Estonian, Bulgarian and Austrian Presidencies and the High Representative, Chair of the Foreign Affairs Council.

I. INTRODUCTION

The three Presidencies will strive to find common solutions in order to build a common future. We need to improve the communication with and the involvement of citizens, and to concentrate on their expectations, in particular on jobs, growth and security. This 18-month programme provides a forward looking agenda revolving around citizens' expectations tackling together our common challenges, strengthening trust in the European Union, bringing it closer to citizens and - respecting the principles of Better Regulation - simplifying life and business by delivering tangible results. The programme's focus and priorities reflect the European Council's Strategic Agenda and the initiatives of the Joint Declaration on the EU's legislative priorities for 2017. In line with the Rome Declaration the three Presidencies will also take forward the debate on the future of the EU at 27.

II. A UNION FOR JOBS, GROWTH AND COMPETITIVENESS

Europe is gradually recovering from the crisis. The European economy is growing at a moderate pace and unemployment is slowly decreasing. However, the international context is dominated by uncertainties and questions raised by globalisation and technological change. In this fast-moving world, the Union needs to seize the opportunities ahead and create the conditions for a Europe that adapts to new circumstances, preserves our way of life and delivers economic and social progress for all. Boosting investment, both public and private, remains crucial.

Single Market

The European Single Market is one of the major achievements of the EU and is one of the most significant sources of economic growth. It is beneficial for European consumers, workers and businesses and provides them with real benefits, notably improved living and working conditions.

The three Presidencies will finalise the work on the different initiatives and actions of the Digital Single Market (DSM). The timely delivery of a competitive Digital Single Market will not only offer new opportunities to citizens and business unlocking innovation and potential growth, but it will also create employment and foster the EU's competitiveness. Work will also continue on further deepening other aspects of the Single Market.

The priority area includes the following:

- Take the *various strands of the Single Market* forward focussing on the implementation and enforcement of Single Market rules, including practical measures set out in the compliance package and the enforcement proposal and *removing the remaining barriers* by completing the various initiatives set out in the services and the goods packages as well as respecting the principle of better regulation, subsidiarity and ensuring the quality of legislation.
- Facilitate *connectivity* and advance the development of a *competitive and fair DSM* by encouraging *cross-border e-commerce* (online sales of goods, supply of digital content, copyright reform, audiovisual media services, parcel delivery) and by moving towards a *smart economy* (free flow of data, review of the telecoms regulatory framework, company law initiatives) and strengthening *trust and security in digital services* (new data protection package).
- Advance *cross-border digital public services* by an ambitious implementation of the principles of the EU e-Government Action Plan 2016-2020.
- *Intensify the take up of electronic identification and trust services* for electronic transaction in the internal market (*e-IDAS*) in order to accelerate the cross-border and cross-sector use of electronic identification (*e-ID*), including mobile ID and trust services for digitally enabled businesses as well as in the public sector.

- *Take forward the ENISA review and the update of the cyber security strategy.*
- Move towards sustainable, fair, competitive and safe *transport system* (mobility package/road initiatives)
- Fight against *tax fraud* and ensure *fair and efficient taxation* (including common consolidated corporate tax base (CCCTB), disclosure rules for intermediaries, a definitive VAT regime, VAT on e-commerce and related initiatives).

Entrepreneurship and job creation

People with an entrepreneurial mind-set, innovation as well as investment in human capital, education and skills are essential for a competitive, knowledge-based economy and stay a priority for the EU. Promoting a climate of entrepreneurship and job creation remains key to helping businesses in Europe thrive, especially SMEs. The three Presidencies will work on tackling the skills challenges and skills gaps in an ever-changing labour market and society with a focus on employability, mobility, sustainable growth and fair competition. Although statistics are improving, unemployment levels are still too high, in particular for the youth and long-term unemployed, and social disparities widen. The three Presidencies will pursue continued action on youth unemployment.

The priority area includes the following:

- Encourage *entrepreneurship* and support for *small and medium-sized enterprises (SMEs) and start-ups* by ensuring access to alternative forms of funding, foster investment in innovations, research and development, facilitating access to intellectual property products that are of particular importance for SMEs and ensuring systematic application of the 'think small first' principle.
- Enhance better *skills* for all in order to maintain high competitiveness and productivity at the labour market.
- Sufficiently prepare *young people* to become active on the labour market by offering them the best education and training and ensure productive and quality employment for European citizens by fully exploiting the opportunities of the Single Market.

Environmental sustainability

The EU has some of the world's highest environmental standards that help safeguarding the health and quality of life of citizens and protect our nature. The three Presidencies will continue to implement the UN Agenda 2030 for sustainable development and further 'green growth' that can play a key role in creating employment, spurring innovation and stimulating investment thereby making the EU more competitive.

The priority area includes the *circular economy* focussing on eco-innovative initiatives aimed at efficient use of resources, reducing environmental impacts in production and consumption, and conducting actions towards a non-toxic environment.

Investing in the future

Europe will only be able to meet tomorrow's challenges and maintain a solid industrial base if it steadily invests in its future. The implementation of the Investment Plan for Europe and fostering investment remain key. The Union's budget is an essential tool in that context. The three Presidencies will work closely together on the annual EU budget process and the new Multiannual Financial Framework (MFF) for the period post-2020. Smart investments in human capital and cross-border infrastructure, including digital, transport and energy, in line with the Stability and Growth Pact, will continue to be a priority for the three Presidencies. Synergies, coherence and consistency within European Structural and Investment Funds and between them and centrally managed funds will be promoted.

The priority area includes the following:

- *Multiannual Financial Framework post-2020*, if the Commission's proposal is published and conditions are appropriate to start a genuine debate.
- *MFF mid-term sectoral review* (including reviews of Horizon 2020, Erasmus+, Connecting Europe Facility, Creative Europe, the proposal to simplify the financial rules) ensuring predictability and flexibility in implementing EU policies and priorities.
- Focus on *investment in growth and jobs, including research and innovation, cross-border infrastructure, connectivity and education* (Erasmus+, Connecting Europe Facility, Horizon 2020 as well as preparing the 9th Framework Programme, review of the ERA, in particular governance, the research window of the European Defence Action Plan, EURATOM Framework Programme).
- *Cohesion policy post 2020* working towards simpler and more proportionate rules for the *European Structural and Investment Funds* and strengthening complementarity between EU funds.
- Simplification and modernisation of the *Common Agricultural Policy (CAP)* including in view of preparing the inter-institutional negotiations on the future parameters post 2020. In order to be able to react to global developments, climate change or extreme weather conditions and to ensure food security in Europe, the CAP has to ensure stable production conditions for European farmers, as well as to contribute to market stability, efficient risk management measures and the vitality of rural areas.

- A strong European *industrial base* is of vital importance for the EU economy. The three Presidencies will pursue a broad, holistic and coherent approach to ensure that all EU industries can fully benefit from digital innovation.
- Where appropriate, the EU will benefit from the potential of *Macro-regional Strategies*.

Economic and Monetary Union

The three Presidencies will take the discussions forward on deepening the Economic and Monetary Union (EMU), including by pursuing efforts to complete the Banking Union and accelerate a Capital Markets Union.

The priority area includes the following:

- Advancing the debate on *deepening the EMU*, while maintaining the integrity of the EU and the Single Market.
- Addressing remaining vulnerabilities in the banking sector and completing and consolidating the *Banking Union*, including the banking reform package.
- Implementing the measures set out in the Action Plan to Build a *Capital Markets Union* (to be reviewed in 2017) to complement the banking sector and to provide a broader mix of financing sources to the real economy.

III. A UNION THAT EMPOWERS AND PROTECTS ALL ITS CITIZENS

There is an increased call for developing the social dimension to take into account the changing realities of Europe's societies and to address issues such as equal opportunities and gender equality, access to high quality education and the labour market, labour mobility and fair working conditions as well as adequate and sustainable social protection whilst respecting the Member States' competences and diversity. Particular attention will be given to the rise of populism, racism and hate speech and the perceived competition between migration- and refugee-related priorities. In this context the Presidencies will also attach a particular importance to the respect for the rule of law in all Member States. The three Presidencies will pursue efforts with regard to the social dimension, in particular relating to proposals of the European Pillar of Social Rights. The Presidencies will promote the implementation of the Beijing Declaration and Platform for Action. Moreover, the three Presidencies will pursue work on the European Accessibility Act also in light of the ongoing implementation of the UN Convention on the Rights of Persons with Disabilities and take into account the benefits of sports in terms of integration, social inclusion and diversity.

The priority area includes the following:

- *Equal treatment* and non-discrimination, promotion of social justice, fight against poverty and social exclusion, including a focus on reducing child poverty, promotion of gender equality and gender mainstreaming and accessibility.
- Empowering young people and increasing youth participation, including by taking forward the *European Solidarity Corps* offering opportunities to gain experience in a real working environment, to develop competences and make a contribution to society.

- *European Pillar of Social Rights* including initiatives on reconciling work and family life, equal treatment and equal opportunities as well as on improving occupational health and safety; access to social protection and review of the written statement directive.
- The *modernisation of education* as well as *equity and equality in education* with a focus on transversal skills that benefit personal development and empowerment and foster social cohesion and the role of teachers, school leaders and other educators in supporting the learners.
- Updating the *Social Security Coordination Regulation* in order to adapt to the new developments in Member States.
- *European Year of Cultural Heritage 2018* fostering social inclusion and better understanding of the EU through culture.
- Modification of the directive concerning the *posting of workers* in order to ensure protection of workers and fair competition.

IV. TOWARDS AN ENERGY UNION WITH A FORWARD-LOOKING CLIMATE POLICY

Being a global leader in mitigating climate change as well as adapting to the impacts of climate change and building a strong Energy Union are key priorities for the EU. The three Presidencies will take the work forward on the modernisation of our economy and the implementation of the Energy Union strategy. The three Presidencies aim to finalise the rules of the implementation and follow-up to the Paris Agreement.

The priority area includes the following:

- A sustainable, resilient and effective *Energy Union* achieving energy security through regional cooperation as well as diversification of sources, suppliers and routes and, while keeping administrative burden as low as possible, delivering on the legislative proposals of the Clean Energy for all Europeans package, accomplishing market integration, in particular of renewables and contributing to investments, better interconnection and cooperation within the Energy Community framework.
- *Climate policy* delivering on the commitments of the Paris Agreement and the EU's 2030 targets focussing on reducing the greenhouse gas emissions in EU Emissions Trading System (ETS), non-ETS sectors and ETS aviation, reflecting the principles of fairness, solidarity and cost-effectiveness as outlined by the European Council Conclusions of October 2014. The three Presidencies will promote a decarbonised, environment-friendly and healthy mobility and transport system.

V. A UNION OF FREEDOM, SECURITY AND JUSTICE

Being committed to the Union's ability to act as a security provider, guaranteeing a concerted and cooperative response to address evolving security threats and challenges, further enhance judicial cooperation remain essential. Progress on managing migration, both in its internal and external dimension, will be a priority for the three Presidencies. Efforts to address the short-term challenges posed by recent migratory flows as well as the long-term aspects of migration should be sustained, based on the European Agenda on Migration. EU citizens also expect their governments to guarantee their security, in full respect of fundamental rights. In the face of rising security challenges in an uncertain global environment, it is essential for the Union to support Member States in their efforts to ensure internal security and fight against terrorism. The three Presidencies will take work forward on the European Agenda on Security in order to build a genuine Security Union, e.g. by strengthening of security through citizens' participation, building on concepts like community policing, a stronger involvement of civil society, including religious communities, and a state of the art security system in the real and digital world.

The priority area includes the following:

- *Implementation of the European Agenda on Security* and the relevant parts of the *European Agenda on Migration* focusing in particular on improving the functionalities and interoperability of existing large scale IT systems (Eurodac, Schengen Information System, Visa Information System, European Criminal Records Information System), and introducing new ones (entry-exit system, ETIAS), reviewing the EU-LISA legal framework as well as optimising the exchange of information between law enforcement bodies, security services and EU Agencies by implementing common standards and procedures and achieving technical compatibility to better re-use existing data. This also includes increasing the effectiveness of available instruments to combat terrorism, terrorist financing, money laundering, cybercrime and organised crime, inter alia by enhancing cooperation of special intervention units via a reinforced ATLAS-network and implementation of the EU policy cycle for organised and serious international crime and measures to improve the level of police cooperation taking into account the security situation in the neighbourhood and the possible impact on the internal security of the Union.
- *Prevention of radicalisation and violent extremism*: The three Presidencies aim to have a comprehensive and integrated approach to the prevention of violent extremism, which focuses also on the role of education and intercultural dialogue, and on respecting and safeguarding common values, fundamental rights and freedoms and the rule of law.

- *Migration:* Further developing and implementing measures to effectively manage migration and ensuring a coordinated response along all routes; strengthening the EU's external borders, ensuring an effective return policy and addressing root causes; finalising the reform of the Common European Asylum System to build a stable, well-functioning and fair asylum and migration system with burden sharing based on a genuine sense of solidarity and responsibility; strengthening cooperation with third countries in order to prevent illegal border crossings and support persons in need of protection already outside the EU; considering the role of legal migration for the Union's economic development and performance, also delivering on Valletta, revision of the Blue Card directive; enhancing cooperation with countries of origin and transit (migration partnership framework).

- *Justice:* Develop and promote e-Justice and electronic means to enable more efficient cooperation by providing better access to justice for citizens and businesses and to increase the efficiency of the judiciary system and that of other legal professions in the Member States. Enhance the legal framework to better protect the best interests of the child through strengthening the rules of parental responsibility in cross-border cases as well as civil aspects of international child abduction and deepen judicial cooperation in the field of international civil procedure law. Promote anti-corruption cooperation between the Member States. Further enhance the system of mutual recognition, with a priority on increasing the smooth implementation and application of already adopted instruments in the field of judicial cooperation in criminal law matters. Establish a strong, independent and effective European Prosecutor's Office in order to guarantee effective protection of EU financial interests through criminal justice.

VI. THE UNION AS A STRONG GLOBAL ACTOR

The EU's international environment poses significant strategic challenges. To the South, fragility, conflicts and shortcomings in the protection of human rights persist while, to the East, the European security order continues to be violated. We are also confronted with threats such as terrorism, hybrid warfare, cyber-attacks, organised crime and violent extremism as well as challenges such as irregular migration and human trafficking. The three Presidencies will address these issues with determination in full support of the leadership of High Representative/Vice-President Mogherini and in close cooperation with Member States and partner countries. We will be guided by the EU's Global Strategy on Foreign and Security Policy, which was presented to the European Council in June 2016. The work on implementing the Global Strategy will provide a coherent framework for the EU's external relations, including the further development of CFSP and CSDP, for years to come. In an overall challenging environment, a credible enlargement policy, based on the EU values, the established conditionality and the principle of own merits, remains an investment in the peace, democracy, prosperity, security and stability of our continent.

The priority areas include the following:

- *Implementation of the EU's Global Strategy in the five priority areas identified in the Global Strategy: 1. The Security of our Union, 2. State and Societal Resilience, 3. An Integrated Approach to Conflicts and Crises, 4. Cooperative Regional Orders and 5. Global Governance for the 21st Century.* As a cross-cutting dimension within all five building blocks, human rights as well as women, peace and security as well as gender equality and women's empowerment will continue to be mainstreamed into all our policies. Our commitment and active support to effective multilateralism, including the institutions, instruments and established principles that underpin it, will remain a core element of the Union's external action. The Sustainable Development Goals will be another cross-cutting theme for the follow up work. The EU will also enhance its strategic communication, investing in and joining up public diplomacy in order to connect to EU citizens and better communicate to our partners. On security and defence, the European Council of December 2016 endorsed a comprehensive level of ambition for the EU, which is an important step. In March 2017, further significant steps were decided on CSDP crisis management structures, Permanent Structured Cooperation, Coordinated Annual Review on Defence, Developing Civilian Capabilities and subsequently endorsed by the European Council. Together with the European Defence Action Plan of the European Commission, including the proposal to establish a European Defence Fund, and the follow-up to the Joint EU-NATO Warsaw Declaration, this has formed a wider package which the three Presidencies will work to implement.

- *Migration:* Addressing migration cuts across many external actions areas, including security, political dialogue with third countries, development and humanitarian aid. Continued implementation of the Partnership Framework approach in terms of cooperation with the current priority countries but also in terms of fully applying the spirit of the Partnership Framework to other geographical areas as necessary. Applying a holistic and tailor-made approach vis-à-vis third countries as outlined in the Partnership Framework, increasing engagement in the Central and Eastern Mediterranean and with partners in Northern Africa and deepening cooperation with key countries of origin and transit in Asia, in particular to address the root causes of migration, will be of utmost importance. In this regard, EU actions in the Central Mediterranean and with partners in Northern Africa, e.g. Libya and its sub-Saharan neighbours, will be a priority, just as increased cooperation with international organisations such as the International Organisation for Migration and the UNHCR should be pursued. Continued efforts are needed in order to deliver on all five pillars of the Joint Valletta Action Plan. Humanitarian assistance to address the consequences of the Syrian conflict, in particular for neighbouring countries, will be further stepped up to mitigate the threat of political and insecurity spill-over. The EU will closely follow developments and the implementation of the EU-Turkey Statement of 18 March 2016 thus reducing the incentives to seek irregular access to the EU, and adapt measures when necessary. Continued focus on cooperation with and support to the countries along the Western Balkans route will also remain essential. The EU will also further strengthen cooperation with Afghanistan, Pakistan and Bangladesh on migration, with particular attention to the regional dimension.

- *Enlargement/Western Balkans:* The future of the Western Balkans is within the European Union. The enlargement process represents a strategic investment in the peace, democracy, prosperity, security and stability in Europe. The EU will continue to take forward the countries' European perspective, in order to enhance the resilience of the region and thus the security of the EU itself. In this context, the EU will continue to take forward all the countries' European perspective. The EU's aim is concrete progress on each country's EU path based on merits. The EU will work with all countries of the region, focusing on further strengthening institutions, good governance and the rule of law; fostering good neighbourly relations and inclusive regional cooperation; mitigating stability risks from political polarization and promoting socio-economic development.

- *Stabilisation of the European neighbourhood:* In the Southern neighbourhood, the overarching objective continues to be long-term sustainable stability through democratic promoting inclusive governance based on the rule of law, strengthening the civil society and social justice in the region. The EU will extend additional efforts to open a new phase of engagement with countries in the Southern neighbourhood aiming at building more effective partnerships within the context of the reviewed European Neighbourhood Policy, based on enhanced differentiation and joint ownership and reflecting the importance of resilience-building. We are also stepping up our engagement with countries that are implementing meaningful political and economic reforms starting with Tunisia, Jordan, Morocco and Lebanon. Following the international conference hosted in April 2017 on the "Future of Syria and the Region" in Brussels, building on the 2016 London Conference and Kuwait conferences in 2013-2015, the EU will contribute to renewed attempts to bring further impetus to the UN-moderated intra-Syrian talks in Geneva, incl. in line with EU's Strategy for Syria. The EU will further intensify efforts on bringing the crisis in Libya to an end and assist building of Libyan national institutions. We will also take forward work with international partners to counter terrorist groups such as Da'esh/ISIS and their totalitarian ideologies.

Regarding the Middle East Peace Process, the EU will continue to seek ways to advance a two-state solution. To the East, the EU will stand firm in its commitment to the territorial integrity, independence and sovereignty of all its partners. The EU will continue to engage with Russia to discuss disagreements and cooperate if and when interests overlap. A democratic, stable, prosperous and resilient Eastern neighbourhood is a key EU objective. To end the conflict in Ukraine, the EU will continue to press for the full implementation of the Minsk Agreements. The EU's approach to the Eastern Partnership will build on the principles agreed at the Riga Summit of 2015 and stipulated in the European Neighbourhood Policy review. This enables differentiated and tailored relations with partners based on their needs and aspirations, and on our shared interests, it includes the support for reform efforts that are crucial for strong and prosperous societies, including the rule of law, fundamental rights and strong and functional democratic institutions. At the next summit in November 2017 we will discuss the need for continued reform and stability and EU's support for it, as well the agenda for the coming years.

- *Strengthening cooperation beyond the neighbourhood:* The EU will strive to take forward cooperation on counter-terrorism, CSDP, foreign policy, energy security, the economy and trade with the United States of America, which will remain an essential partner in almost all aspects of EU external action. Focus will also be given to the Strategic Partnership Agreement and the Comprehensive Economic Trade Agreement (CETA) with Canada. Concluding negotiations in Asia on Framework Agreements alongside trade and investment agreements, notably the Strategic Partnership Agreement with Japan, will be an important priority. At regional level, the ASEM process, the EU-CELAC summit (October 2017), the Africa-EU Summit (29-30 November 2017) and the work on a renewed partnership with African, Caribbean and Pacific countries offer opportunities to bring our partnerships to a higher level in a changing international environment. The EU also has a genuine interest in promoting stability and peaceful conflict resolution in Asia and Africa. In Central Asia, the EU is focusing on promoting economic development and good governance to strengthen the stability of the region in line with the EU Central Asia Strategy. The EU will continue to support Afghan reforms and stabilization in compliance with the EU-Afghanistan Cooperation Agreement on Partnership and Development and the future EU-Afghanistan Strategy. We will also enhance partnerships already well-established with international organisations such as the UN, regional organisations such as ASEAN, and key existing and emerging global players such as Brazil, China, India, Japan, South Korea, Mexico and South Africa. At global level, the EU will remain committed to working actively towards the strengthening and universalisation of the multilateral disarmament, non-proliferation and arms control treaties and regimes.

- *Development: Policy and Cooperation:* are central elements of EU-External Action and will concentrate on implementing the 17 SDGs (Sustainable Development Goals) of the 2030 Agenda for Sustainable Development in line with the new European consensus for development. Preparatory work on the External Action Instruments post 2020 will start, taking lessons learnt from the midterm-review into due consideration. Follow-up on the 1st World Humanitarian Summit shall concentrate on better linking short term humanitarian aid with long term development cooperation. The EU will work on effective humanitarian response with special attention to protracted displacement and resilience.

- *Trade:* Rising anti-globalisation sentiment, emanating from across the political spectrum both within and outside the EU, is making it all the more difficult for governments to demonstrate to citizens, workers and consumers the benefits of open and rules-based trade. The three Presidencies will reinforce the message that trade can contribute to maintaining the high living standards that EU citizens enjoy today and confirm the EU's commitment to an ambitious and progressive trade and investment agenda, promoting inclusive and sustainable growth and development. Also, the work on WTO-compatible tools to tackle unfair trade practises and market distortions should be concluded. As a global player, the EU has an important role to play in shaping globalisation and ensuring that all groups in society benefit, by taking the lead in the WTO as well as through the negotiation of ambitious, balanced and comprehensive plurilateral and bilateral agreements. The EU's trade agenda should seek to open markets, in a manner that enhances responsible business conduct and global governance on issues like labour rights, environmental protection and human rights. This means pursuing the ongoing reflection process on how to address new trade agreements. Concrete opportunities to make the case for trade as an engine of growth and contributing to sustainable and inclusive development will be the continued work on free trade agreements with regions and countries around the globe.

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