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COVER NOTE

From:	Mr Jean-Claude Juncker, President of the European Commission, and Mr Frans Timmermans, First Vice-President of the European Commission
date of receipt:	14 September 2016
To:	Mr Martin Schulz, President of the European Parliament Mr Robert Fico, Prime Minister of the Slovak Republic
Subject:	Letter of intent with regard to the preparation of the Commission Work Programme 2017

Delegations will find attached a copy of a letter of intent addressed by Jean-Claude Juncker, President of the European Commission and Frans Timmermans, First Vice-President of the European Commission, to Martin Schulz, President of the European Parliament and Robert Fico, Prime Minister of the Slovak Republic, which holds the Presidency of the Council of the European Union.



Jean-Claude JUNCKER
President of the European Commission

Frans TIMMERMANS
First Vice-President of the European Commission

Strasbourg, 14 September 2016

*Dear President Schulz,
Dear Prime Minister Fico,*

We are at a critical juncture for Europe's citizens, for our Member States, and for the European Union as a whole.

This European Commission has emphasised, since the start of our term, that these are extraordinary times. The challenges facing us are numerous: achieving an economic recovery which benefits all, notably the weaker parts of our societies; reducing unemployment, especially among the young; strengthening fairness and the social dimension of our single market; managing migration flows and our common borders; increasing security to combat terrorist threats; responding to the instability in our Eastern and Southern neighbourhood; strengthening Europe's common defence capacities; enhancing the capacity of Europe to act as a single and strong player on the global scene; and resisting the rise of all forms of extremism that are incompatible with our fundamental European values.

Though the outcome of the referendum in the UK affects us all, it must not dominate our agenda for the next years. We have a positive reform agenda in front of us to strengthen our Union, to respond forcefully to the challenges of our times and to create a better Europe that empowers and protects citizens where needed. We must move ahead and act effectively with a sense of urgency, determination and above all unity.

On the 60th anniversary of the Treaties of Rome in March 2017, we will commemorate the founding fathers of the European Union and their joint commitment to the Community method; and more importantly, we will look forward and strive to meet the expectations of today's generation, and their children: the future of our Union.

*Mr Martin Schulz
President of the European Parliament*

*Mr Robert Fico
Prime Minister of the Slovak Republic
Presidency of the Council of the European Union*

By email

The ten priorities outlined in the European Commission's Political Guidelines – presented on 15 July 2014 following discussions with the European Parliament and inspired by the European Council's "Strategic Agenda for the Union in Times of Change" – continue to provide the right set of objectives for our joint work. In 2014, we jointly set out a new agenda for jobs and growth; we wanted to be active and ambitious on big things, and small and modest where issues can be better addressed by Member States; and we stressed that this is no time for business as usual. Listening closely to citizens across Europe, this approach is more necessary than ever in order to ensure effective management of our common challenges.

When we focus on the big things, we can deliver tangible results in crucial areas. A little more than one year after the launch of our European Fund for Strategic Investments (EFSI), the centrepiece of the Investment Plan for Europe, the Fund is already active in 26 Member States and has triggered EUR 116 billion in investments. We have supported the financing of innovative projects and now more than 200,000 small and medium enterprises (SMEs) have access to new financing thanks to the EFSI.

We have made substantial progress in regaining control of irregular migration flows and stopping the tragedy of daily deaths in the Mediterranean and the Aegean Sea. At the same time, Europe has shown solidarity with 1 million Syrian refugees by providing shelter for them. And we have relocated and resettled over 13,000 refugees in the past year alone. Clearly, this is not enough and can only be a beginning. We now need to maintain and step up these efforts, since solidarity goes hand in hand with responsibility.

If we want to preserve Schengen and the freedom to move within our Union, we need strong protection of our external borders. Our agreement on the European Border and Coast Guard Regulation – which is now being formalised – is proof of our joint capacity to decide quickly. Swift and efficient implementation should now be a priority for all of us, so that the European Border and Coast Guard can become fully operational and deploy its first missions at the Bulgarian-Turkish and Greek-Turkish borders in the weeks to come. Furthermore, the Commission's proposals from 6 April on a new Entry-Exit System should be adopted by the European Parliament and the Council and swiftly implemented by the end of 2016 as a crucial contribution to our common security.

We need a collective commitment to timely decisions and implementation in other areas as well. Following the recent terrorist attacks on European soil, the Commission has proposed a number of key actions and initiatives, such as a counter-terrorism Directive, measures to address terrorist financing, and tighter controls on firearms, in order to move towards an operational and effective Security Union. These proposals now need to be adopted, with their ambition maintained.

This year, the three Institutions have formally agreed, in a new Interinstitutional Agreement, that better regulation principles set the frame for our joint policy making. The Commission sees this agreement as a joint commitment and a duty for the three Institutions to focus on what is big and urgent, while striving for simple, evidence-based, predictable and proportionate rules that are fit for purpose and deliver maximum benefits to citizens and businesses.

As a contribution to this, the Commission is presenting today a report on the state of play of the application of our Better Regulation Agenda since the beginning of our mandate. The report shows how we are concretely applying better regulation principles across all areas of our work. For our 2017 Work Programme, in accordance with the Regulatory Fitness and Performance (REFIT) programme, we will be able to suggest areas where EU legislation can be improved and simplified on the basis of concrete and thoroughly analysed data.

Finally, in line with our new Interinstitutional Agreement, the Presidents of the three Institutions will, for the first time, agree a Joint Declaration, to be signed by the end of this year, which will set out the broad objectives and priorities for 2017 on the basis of the Commission's Work Programme, and identify items of major political importance which should receive priority treatment in the legislative process. We see this as a very important process, enabling our Union to act and deliver where it is most needed. In these times of unprecedented challenges for our continent, interinstitutional unity and determination is more important than ever before. With this spirit, and underpinning the sense of urgency expressed in this year's State of the Union address, the Commission is presenting today a number of important initiatives in the fields of security, investment, the Digital Single Market and Capital Markets Union, which reinforce and accelerate delivery of our joint priorities to address the biggest and most urgent challenges. We consider these as items of major political importance which will require priority treatment in the weeks and months to come.

This Letter of Intent marks the starting point of our interinstitutional dialogue on priorities for the next year. It is also a contribution to the discussions at the informal meeting of the Heads of State or Government of 27 Member States in Bratislava.

Complementing the State of the Union address, we outline below an indicative list of the main initiatives that the Commission intends to take between now and the end of 2017, as well as the most important areas where priority action by the European Parliament and the Council is needed to turn proposals into results – because we need the three Institutions and the Member States on board if we want our Union to deliver.

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

- ***** Investment Package: Extending and strengthening the European Fund for Strategic Investments (EFSI 2.0), and complementing it with an External Investment Plan which will help to address the root causes of migration by attracting fresh investment in Europe's neighbourhood, notably in Africa (concrete Commission proposals are presented today);**
- ***** A results-oriented budget that responds to the challenges citizens face: Review of the Multiannual Financial Framework (concrete Commission proposals are presented today) and, at the appropriate time, a comprehensive proposal for the future framework beyond 2020, including on own resources;**
- **2017 European Semester of economic policy coordination: Delivering investment, sound public finances and structural reforms, while continuing to make use of the appropriate flexibility built into the Stability and Growth Pact and identified by the Commission since January 2015;**
- ***** Youth initiative: Stepping up the fight against youth unemployment, modernising school and higher education, pursuing the roll-out of the EU Youth Guarantee and developing European solutions, including the European Voluntary Service, the mobility of apprentices and the launch of a European Solidarity Corps;**
- **Swift adoption by the co-legislators of the 2015 Circular Economy package, including legislation on waste management, and follow up to the Circular Economy Action Plan;**
- **Modernisation and simplification of the Common Agricultural Policy to maximise its contribution to the Commission's political priorities and to the Sustainable Development Goals.**

Priority 2: A Connected Digital Single Market

- ***** Swift adoption by the co-legislators of all proposals aimed at completing the Digital Single Market: Cross-border portability of online content services in the internal market, digital contracts proposals, proposal to prevent unjustified geo-blocking, modernised audiovisual framework, reform of the telecoms and of the copyright rules and creation of a WIFI4EU voucher scheme for local authorities (concrete Commission proposals are presented today);**
- **Digital Single Market Value Added Tax package (VAT on e-commerce, e-publications, e-books) to reduce the administrative burden on businesses arising from different VAT regimes by modernising the current VAT rules that apply to e-commerce activities;**

- *Digital Single Market data economy package (review of the ePrivacy Directive, Communication on the free flow of data) to align the acquis with the newly adopted general rules on data protection and to give an EU framework clarifying legal uncertainties created by new data technologies and removing unjustified barriers to the movement of data within Europe.*

Priority 3: A resilient Energy Union with a forward-looking climate change policy

- ***** Swift ratification by the EU and Member States of the Paris Agreement on Climate Change;**
- ***** Swift adoption by the co-legislators of the Energy Union and Climate Change proposals, such as the Security of Gas Supply Package, the EU Emissions Trading System and related rules on effort-sharing and land-use and forestry;**
- *Implementation of the Energy Union Strategy: Managing the modernisation of the economy to promote jobs and growth in Europe, by placing energy efficiency first and having the ambition to become the world number one in renewable energies;*
- *Implementation of the Strategy on low-emission mobility: Increasing the efficiency of transport by responding to the mobility needs of people and goods, moving to zero-emission vehicles whilst maintaining Europe's competitiveness;*
- *Swift adoption by the co-legislators of all pending aviation legislation, including the proposal strengthening the European Aviation Safety Agency (EASA) and the proposal for a framework to deal with civil drones, as well as the follow up to the Aviation Strategy.*

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

- ***** Implementation and acceleration of the Capital Markets Union Action Plan in order to facilitate investments, expand and diversify sources of finance for EU businesses and enhance financial stability by private risk-sharing, including a proposal on business insolvency, facilitating restructuring and giving businesses a second chance (a Commission Communication with a list of actions and a roadmap is presented today). Swift adoption by the co-legislators of all pending measures;**
- ***** Re-launch of the Common Consolidated Corporate Tax Base (CCCTB) that includes a new approach with a legislative proposal on a compulsory common tax base as the first step and consolidation as the final step, in order to improve the business environment for cross-border companies and ensure a fair and efficient taxation of large companies across Europe;**
- *Implementation and acceleration of the Single Market Strategy to remove obstacles to investments and allow the Single Market to effectively function and benefit*

consumers and businesses. Swift adoption by the co-legislators of all pending measures;

- *Follow-up to the Value Added Tax (VAT) Action Plan to set up the foundations of a single robust EU VAT area that will ensure a more efficient and fraud-proof definitive VAT regime across Europe in order to adapt the VAT system to the digital economy and the needs of SMEs, including through a modernised policy on EU rules governing VAT rates;*
- *Follow-up to the Space Strategy for Europe: Ensuring reliable, secured and cost-effective satellite communications services for EU business and national public authorities and infrastructures;*
- *Follow-up to the REFIT check, modernisation of existing Occupational Health and Safety legislation to better protect the safety and health of workers, through better implementation, an updated legislative framework and enhanced protection from the risks related to carcinogens and mutagens;*
- *Swift adoption by the co-legislators of the Corporate Tax Transparency Directive.*

Priority 5: A deeper and fairer Economic and Monetary Union

- **** Swift adoption by the co-legislators of the proposal on a European Deposit Insurance Scheme and continuing work on risk reduction in the Banking Union and beyond;*
- **** Presentation of a European Pillar of Social Rights and related initiatives, including on work-life balance;*
- **** Promoting, in the next Recommendation on the economic policy of the euro area, a positive fiscal stance for the euro area, in support of the monetary policy of the European Central Bank;*
- *Completing Europe's Economic and Monetary Union: White Paper on the future of the EMU to prepare stage 2 of EMU deepening in the political and democratic context of an EU27 (March 2017), including a stability oriented review of the Stability and Growth Pact and the follow-up to Article 16 of the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union (incorporation of the substance of this Treaty into the legal framework of the European Union/Community method).*

Priority 6: A reasonable and balanced EU-US free trade agreement

- *Pursuing work towards the conclusion of the Transatlantic Trade and Investment Partnership with the US;*

- ***** Swift ratification of the Comprehensive Economic and Trade Agreement with Canada, anchored in common EU-Canadian values and with a reformed system for settling investor disputes in line with EU demands;**
- Pursuing and completing ongoing bilateral negotiations (e.g. with Japan) and opening negotiations with Australia, Chile, and New Zealand;
- Swift ratification of the EU-Singapore Free Trade Agreement;
- ***** Strengthening our European trade defence instruments, as proposed by the Commission in 2013, including the reform of the lesser duty rule;**
- Addressing overcapacity in the international trade of steel;
- Dealing in a balanced way with the expiry of some provisions in China's Protocol of Accession to the World Trade Organisation (WTO), notably by maintaining strong anti-dumping instruments to protect jobs in Europe from unfair competition.

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

- ***** Reinforced implementation of the Security Agenda, in particular paving the way for an effective and genuine Security Union and better operational use of all existing instruments;**
- ***** Proposal for a European Travel Information and Authorisation System (ETIAS) (a Commission Communication on this is presented today);**
- ***** Reinforcing Europol and improving information exchange in the fight against terrorism (a Commission Communication on this is presented today);**
- ***** Alignment of the data protection rules when processing is carried out by the EU institutions to the newly adopted general rules on data protection;**
- ***** Developing new adequacy decisions on exchange of personal data with third countries;**
- Swift adoption of the proposal on the European Public Prosecutor's Office;
- Implementation of the Action Plan against terrorist financing;
- ***** Swift adoption by the co-legislators of the Directives on Firearms, Terrorism and European Criminal Records Information System (ECRIS) and the Regulation on Entry/Exit (smart borders) (a Commission Communication on this is presented today);**
- Assessing the scope for further action to strengthen the protection of whistle-blowers in EU law;

- Pursuing the EU's accession to the European Convention on Human Rights, in line with the requirements set out by the Court of Justice of the European Union.

Priority 8: Towards a new policy on migration

- *** *Swift operationalisation of the European Border and Coast Guard (a Commission Communication on this is presented today);*
- *** *Implementation of the EU-Turkey Statement, stepping up relocation of refugees from Greece and Italy, continuing resettlement from Turkey to the EU, including protection of unaccompanied minors;*
- *** *Swift adoption by the co-legislators of the proposals to reform the Common European Asylum System, including the reform of the Dublin mechanism;*
- *** *Implementation of the New Migration Partnership Framework with third countries;*
- *Swift adoption by the co-legislators and efficient implementation of all the actions and measures brought forward in response to the refugee crisis and in follow-up to the European Agenda for Migration;*
- *Swift adoption by the co-legislators of a new resettlement framework.*

Priority 9: A stronger global actor

- *** *Operational implementation of the EU Global Strategy, including its security and defence elements. A European Defence Fund will be presented as part of the European Defence Action Plan;*
- *** *An EU Strategy for Syria;*
- *Renewed partnership with Africa;*
- *Modernisation of EU development policy: Revision of the European Consensus on Development to align with the Sustainable Development Goals and development of a policy framework for a new partnership agreement with African, Caribbean and Pacific countries (post-Cotonou agreement).*

Priority 10: A Union of democratic change

- *** *Assessing the democratic legitimacy of existing procedures for the adoption of delegated and implementing acts, including aligning all basic acts which still refer to the regulatory procedure with scrutiny;*

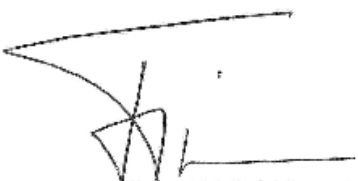
- *Stepping up enforcement of EU law, in line with the Commission's political priorities;*
- **** Amendments to the Commission's Code of Conduct and the Framework Agreement with the European Parliament to ensure that Members of the Commission can stand as such for European Parliament elections;*
- *Conclusion of an Interinstitutional Agreement on a mandatory transparency register.*

We intend to base the Commission's 2017 Work Programme on this Letter of Intent, on which we will in the weeks to come intensely consult the European Parliament and its relevant committees as well as the Council and the Committee of Permanent Representatives.

Europeans deserve a Europe that preserves their way of life. They deserve a better Europe that empowers and defends them. They deserve a Europe that protects.

It is time we all took responsibility for building that Europe. Together.


Jean-Claude JUNCKER


Frans TIMMERMANS