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THE EUROPEAN UNION**

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**NOTE**

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From: Presidency  
On: 18 November 2013  
To: Permanent Representatives Committee/Council

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Subject: European Council follow-up:  
= Presidency Report on the Implementation of EC conclusions

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*This report presents the state of play in implementation of priority orientations set out in the conclusions of the European Council. Where appropriate, next steps and Presidency intentions are also indicated.*

*This report is issued under the responsibility of the Presidency, in order to allow the General Affairs Council to fully play its horizontal coordination role and in order to inform preparations for the December European Council.*

## HORIZONTAL MATTERS

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### 1. **Multiannual Financial Framework** - *legislative work ongoing*

Following the agreement reached at the February EC on the MFF 2014-2020, work is progressing on the relevant legislative acts, with agreement already reached on most sectoral programmes.

### 2. **European Semester** - *ongoing within Council*

The Annual Growth Survey was presented by the Commission mid November. Following the priorities proposed by the Commission in the Annual Growth Survey, the December EC will hold a discussion with the aim to agree on the main areas for coordination on economic policies and reforms.

## ECONOMIC AND FINANCIAL AFFAIRS

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### 3. **"Two-pack"** - *in force*

The "Two-pack" proposals entered into force in May 2013. A code of conduct on budgetary plans was endorsed by the ECOFIN Council in June. In accordance with the provisions of the "Two-pack", the Commission presented its opinions on draft budgets on 15 November.

### 4. **TSCG** - *in force*

The Treaty on Stability, Coordination and Governance entered into force on 1 January 2013 and has already been ratified by 23 Member States. Ratification continues in the remaining signatory countries.

## **5. Deepening EMU - *ongoing***

The October EC discussed the issue of strengthening economic policy coordination and the social dimension of the EMU. In December, the EC will revert to these issues. Work will be carried forward to strengthen economic policy coordination, with the objective of taking decisions on the main features of contractual arrangements and possible associated solidarity mechanisms. The December EC will hold a discussion following the publication of the Commission's Annual Growth Survey and the Alert Mechanism Report with the aim to agree, on the basis of the relevant indicators, on the main areas for coordination of economic policies and reforms. The Presidency stands ready to organise work within the Council so as to best support the EC discussion and to enable the Council to take the required decisions on the use of an employment and social scoreboard in the Joint Employment Report and of employment and social indicators along the lines proposed by the Commission, as called for by the EC, with the objective of using these new instruments as early as the 2014 European Semester.

## **6. Banking supervision - *adopted***

Both the ECB Regulation and the EBA Regulation were formally adopted by the Council and published in October 2013.

## **7. Bank resolution and deposit guarantee - *trilogues ongoing***

Trilogues with the EP are ongoing on the two Directives, with the aim of reaching agreement by the end of the year.

## **8. Single resolution - *ongoing within the Council***

The Commission presented a proposal for a single resolution mechanism in July. Intense work is underway at technical level. Following the ECOFIN Council on 15 November the Presidency will continue making all efforts with a view to reaching agreement within the Council before the end of the year, as called for by the EC, in order to allow for adoption during the current EP term.

**9. Capital requirements - *in force***

An agreement was reached with the EP on CRD IV and CRR in March. The two acts entered into force and the new rules will apply from 1 January 2014.

**10. MiFID - *trilogues ongoing***

The Council reached a general approach on the two proposals (MiFIR and MiFID) in June. Trilogues with the EP are ongoing with a view to reaching agreement before the end of the year.

**11. Credit rating agencies - *in force***

Formal adoption completed in May, the act is in force.

**12. Structure of EU banking sector - *awaiting proposal***

The December 2012 EC invited the Commission to follow-up to the proposals of the high level expert group on the structure of the EU banking sector (Liikanen report). Work is ongoing inside the Commission.

**13. Money laundering - *ongoing***

In accordance with the orientations set out at the May 2013 European Council, work is ongoing on the revision of the third anti money laundering Directive. The aim is to reach a general approach as soon as possible.

**14. Coordinated approach in preparation for the AQR - *ongoing***

The October EC recalled the urgency, for Member States taking part in the SSM, of establishing a coordinated European approach in preparation for the comprehensive assessment of credit institutions by the ECB and asked the Council to communicate this approach by the end of November. The November ECOFIN Council adopted its statement on Asset quality reviews and stress tests.

### **15. Single Market Act I - *ongoing***

The wide majority of SMA I priority levers were adopted (including recognition of professional qualifications adopted on 15 November). Agreement has been reached with the EP on the CEF, TEN-T and TEN-TELE proposals. On e-identification, trilogues will start before the end of the year with the aim of adoption before the end of the current legislature. On the Posting of workers proposal, it was not possible to reach a general approach at the October EPSCO Council; further progress on the file and prospects for adoption during the current legislature depend on a political solution on Articles 9 and 12. Energy taxation is reported separately below under point 37.

### **16. Single Market Act II - *ongoing***

All proposals have been presented by the Commission and work is ongoing within the Council. Progress reports will be presented at the December TTE Council on the action plan for the completion of the Internal Energy Market, as well as on the proposal for high-speed broadband deployment. The Presidency aims to reach a general approach on the proposals for the e-invoicing for public procurement and basic payment accounts. As regards the fourth railway package a general approach on Railway Interoperability Directive was reached at June TTE, a general approach on Railway Safety Directive - at October TTE and progress report on a proposal of ERA Regulation will be presented at December TTE. As concerns the proposal for modernisation of insolvency rules, the Presidency aims to reach a partial general approach or to hold an orientation debate on key elements of the proposal at the December JHA Council. Regarding the product safety package, long-term investment funds, payment services and multilateral interchange fees, the aim is to make progress in order to allow for adoption during the current legislature.

### **17. Supplementary pension rights - *trilogues ongoing***

A general approach was reached at the June EPSCO Council. Trilogues are underway with the EP. The aim is to reach agreement by the end of the year.

**18. Youth employment - *ongoing***

The Council adopted the Recommendation establishing a Youth Guarantee at the EPSCO Council in February 2013. The implementation of the Youth Employment Initiative (6 bn EUR) is currently negotiated in the context of the ESF Regulation and should become operational on 1 January 2014. Member States concerned by the YEI are to submit their national implementation plans by the end of the year. The Quality Framework for Traineeships is expected from the Commission before the end of the year. The European Alliance for Traineeships was launched on 2 July 2013 and the October 2013 EPSCO Council adopted a Council Declaration on the Alliance. The Commission will launch a stakeholder consultation on developing a programme on EURES jobs for young people.

**19. Governance of labour policies - *implementation ongoing***

The Employment Performance Monitor (EPM) and the Social Protection Performance Monitor (SPPM) are now implemented as regular monitoring tools. The exercise will take place annually.

**20. Labour mobility - *ongoing***

EU Skills Panorama presented by the Commission in December 2012. Agreement reached with EP on the Programme for Employment and Social Innovation (EaSI, formerly EU PSCI, which incorporates three existing programmes including EURES EU-level actions). A legislative proposal on EURES reform is expected at the end of the year or early in 2014. Work is ongoing within the Council on the Commission proposals promoting the free movement of workers, with the aim of starting negotiations with the EP before the end of the year. Work has started at technical level on the Commission proposal for the creation of a network of public employment services.

**21. Fund for the most deprived (FEAD) - ongoing**

An agreement on the proposals for a European Fund for the Most Deprived was reached at the June EPSCO. Informal trilogues with the EP are ongoing with the aim to reach an agreement before the end of the year and have the fund operational from January 2014.

**22. European Globalisation fund- agreement reached**

An agreement on the European Globalisation fund was reached with the EP in November. The EGF should enter into force from 1 January 2014.

**23. Services - ongoing**

The Commission presented a report in October, in the form of a staff working document, on the outcome of the peer review on legal form, shareholding and tariff requirements under the Services Directive. The October European Council invited the Commission and the Council to provide yearly progress reports on national reforms on services, including in individual sectors, and invited the Commission to make proposals by March 2014. The Council will undertake this work within the framework of the European Semester.

**24. Smart regulation - ongoing**

In October, the Commission published two Communications, on REFIT: Results and next steps and on Strengthening the foundations of Smart Regulation - improving evaluation. In December, the COMPET Council will adopt conclusions addressing both Communications. The October EC urged the Commission and the legislator to rapidly implement the REFIT programme, *inter alia* through simplification of existing EU law, by withdrawing proposals that are no longer needed and by repealing legislation that is out of date. The Presidency looks forward for concrete Commission's proposals in this regard.

**25. European Research Area - *first progress report***

The EC has called for the completion of the ERA by the end of 2014. Following the adoption of conclusions on the Commission's ERA Communication in December 2012, in which the Council endorsed the five ERA priorities, the Commission presented its first annual ERA progress report in September 2013. The October European Council welcomed the report.

**26. Horizon 2020 and COSME - *agreement reached***

Agreement with the EP was reached on the Horizon 2020 package and COSME. Formal adoption is expected to take place before the end of the year.

**27. Single innovation indicator - *completed***

The State of the Innovation Union 2012 was issued by the Commission in March 2013 and is examined by the Council. The results of the Commission's work on the headline indicator for innovation were presented on 13 September 2013. The October European Council took note of this work.

**28. Joint initiatives in innovation - *ongoing***

The October European Council called for the proposals for Joint Technology initiatives in pharmaceuticals, new energy technologies, aeronautics, the bio-based economy and electronics to be adopted as soon as possible. Work is ongoing at technical level in this respect.

**29. Collective rights management - *agreement reached***

As called for by the March 2012 EC, the Commission adopted a proposal on collective rights management in July 2012. In response to the request of the October 2012 EC, work has been accelerated at technical level within the Council. Coreper agreed on a mandate for trilogues with the EP on 4 July. The third trilogue took place on 4 November, where preliminary agreement was reached between co-legislators, which was confirmed by Coreper on 6 November. Formal adoption is expected to take place before the end of the year.



**30. Energy Market, infrastructure and external dimension- *implementation ongoing***

Implementation of the action plan presented by the Commission in November 2012 for completion of the IEM by 2014 ; to be followed by an Action plan to implement the internal energy market at retail level. The Commission adopted on 13 September 2013 a report reviewing the main achievements regarding the external aspects of the EU energy policy since 2011. The TTE Council in December will prepare a progress report on internal energy market, as well as a report of developments regarding EU external energy policy, as requested by the May European Council.

**31. Digital single market - *ongoing***

The October European Council gave extensive orientations for the completion of the digital single market by 2015. In September, the Commission presented the "Connected Continent" package; the Presidency has started its technical examination. Work is progressing on the proposals for e-identification (part of SMA I), high-speed broadband deployment, payment services, multilateral exchange fees and e-invoicing for public procurement (all part of SMA II), with the aim to reach agreement on all these files during the current legislature.

Agreement has been reached with the EP on TEN-TELE guidelines. Work will continue as a matter of priority on all legislative and non-legislative aspects of the digital single market set out in the conclusions of the October European Council.

**32. EIB / financing of the economy - *implementation to start***

Following the report by the Commission and the EIB in June, as requested by the June EC, work has been undertaken on the options proposed for new instruments to increase financing to the economy. On the basis of the report presented to it, the October EC called for the EIB to start implementing the new instruments which should begin operating in January 2014; Participating Member States will inform the Commission and the EIB about their contributions by the end of the year. Agreement was reached on the respective provisions to be included in the Common Provisions Regulation. Work will continue on further developing tools for the future.

**33. Project bonds - ongoing at EIB and Commission level**

After the signing of the cooperation agreement with the EIB in November 2012, a pipeline of possible projects is being considered by the EIB. The EIB Board of Directors already approved a series of projects. The Commission is expected to present its assessment before the end of the year.

**34. FTT enhanced cooperation - ongoing within Council**

On the basis of letters received from 11 Member States, the Commission presented a proposal for a Council Decision authorising enhanced cooperation for an Financial Transactions Tax on 23 October 2012. The Council Decision was adopted by ECOFIN in January 2013. The Commission presented the proposal on the substance on 14 February. The examination at technical level is ongoing. The first technical examination has been completed.

**35. CCCTB - ongoing within Council**

First technical examination concluded. In March, the high level working party agreed on the approach to the organisation of future technical work in this area. This approach was confirmed in the ECOFIN report to the June European Council. The Presidency is taking work forward in accordance with this approach and has put forward new compromise proposals.

**36. Savings taxation - ongoing**

The May ECOFIN reached agreement on the negotiating mandate for savings taxation agreements with third countries; the Commission reported on its contacts with third countries at the high level working party meeting on 12 September. Following the call of the May European Council on the savings tax Directive, the November ECOFIN Council was not able to reach an agreement on the Directive. Work will continue with the aim to reach agreement by the end of the year.

**37. Energy taxation - ongoing within the Council**

The Presidency continues work at technical level following the progress report adopted at the June ECOFIN Council.

**38. Tax evasion - ongoing within the Council**

The May ECOFIN Council adopted conclusions on the Action plan to strengthen the fight against tax fraud and tax evasion presented by the Commission in December 2012 in which it also recognised the usefulness of the two proposed recommendations on aggressive tax planning and good governance in tax matters in third countries. The May EC called for further work to be carried out as regards the recommendations and invited Member States to give priority to the concrete follow-up to the action plan. These issues will be included in the progress report in the area of taxation at the December ECOFIN Council.

**39. Quick reaction mechanism - adopted**

As called for by the May European Council, the Directives on the quick reaction mechanism and on the reverse charge mechanism were adopted in July 2013.

**40. Automatic exchange of information - ongoing**

As requested by the May European Council, the Commission presented a proposal in June on mandatory automatic exchange of information in the field of taxation. The Presidency has started technical discussions and the file was discussed also at the informal ECOFIN in September.

**41. Reporting on state of play in the field of taxation - expected for December**

As requested by the May 2013 EC, a report will be prepared for the December ECOFIN Council on the state of play in the field of taxation.

### **42. Macro-regional strategies - *implementation ongoing***

The Commission has presented its implementation report for the Danube Region Strategy (presented April 2013) and the report concerning the added value of macro-regional strategies (presented July 2013). A new strategy for the Adriatic and Ionian region is expected from the Commission in the second half of 2014. Council Conclusions on the Added Value of Macro-Regional Strategies were adopted by the GAC on 22 October.

## JUSTICE AND HOME AFFAIRS

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### **43. Common European Asylum System - *adopted***

All building blocks of the CEAS were adopted (the last four instruments were adopted as a package in June 2013).

### **44. Schengen governance - *adopted***

After an agreement reached in May 2013 between the Council and the EP on an overall compromise for the purpose of both regulations in the Schengen governance package, the acts were adopted in October.

### **45. Strategic guidelines for the future development of the JHA area - *preparatory work***

The JHA informal ministerial meeting in Vilnius on 18-19 July devoted two debates to the future programming in the JHA area. Discussions are taking place in the autumn in several relevant committees and working parties in the Council. A discussion is scheduled to take place at the JHA informal ministerial meeting in January 2014. The Commission will prepare a Communication in early 2014.

**46. Schengen enlargement - ongoing within the Council**

The December 2012 EC invited the Council to revert to the issue of the full application of the Schengen acquis to Bulgaria and Romania in March 2013. The March 2013 JHA Council had an exchange of views on the state of play, following which the Presidency concluded that the Council will address this issue again by the end of 2013 with a view to considering the way forward on the basis of a two-step approach.

**47. EUROSUR - adopted**

The Regulation establishing the European Border Surveillance System (EUROSUR) was adopted in October 2013.

**48. Smart borders - ongoing within Council**

On 28 February 2013 the Commission presented the three legislative proposals, mentioned by the EC already in June 2011, which provide for the establishment of an entry exit system, a registered travellers' programme and the related amendments to the Schengen Borders Code. Their examination is underway at working party on Frontiers level and more complex issues are discussed at SCIFA level. The ministers will be informed about the state of play at the December JHA Council.

**49. Task Force for the Mediterranean- implementation ongoing**

At the October JHA Council, EU Home Affairs ministers discussed strengthening measures of managing the migration flows in the wake of the Lampedusa tragedy. It was decided to set up a Task Force in order to identify short term practical measures and tools in the possession of the EU that should be used more efficiently so that such tragedies in the Mediterranean Sea would not happen in the future. The December JHA Council will revert to this issue , on the basis of a report by the Commission.

## **50. EU- US working group on data protection- implementation ongoing**

The ad hoc EU-US working group on data protection and surveillance has finalized its work after the third meeting on 6 November, 2013. The written report is being prepared and is planned to be presented to COREPER before the end of November, 2013.

## **TRADE**

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### **51. Trade agreements with key partners - *ongoing***

The Compact for Growth and Jobs identifies the negotiation, signing and conclusion of trade agreements as a priority measure. Work is ongoing in the various bilateral and multilateral negotiations. The negotiations with the US for a Transatlantic Trade and Investment Partnership, launched on 17 June, are progressing. Three rounds of EU – Japan FTA negotiations took place since their launch in March. The agreement with Singapore was initialled in September; the investment chapter is still being negotiated (latest round on 8-11 October). Negotiations with Canada were finalised on 18 October. The mandate for negotiating an investment agreement with China was adopted by the FAC (Trade) on 18 October, as well as a mandate for negotiating investment protection provisions with ASEAN member countries.

### **52. Trade agreements with neighbouring countries- *ongoing***

The Presidency remains committed to the EC objective of signing, under the terms of the Council Conclusions of 10 December 2012, the Association Agreement including its DCFTA with Ukraine, by the time of the Eastern Partnership Summit in Vilnius in November. In June and July respectively, the Republic of Moldova and Georgia concluded the negotiations on DCFTAs as part of the Association Agreements. The EC confirmed the EU's readiness to initial Association agreements, including DCFTAs, with the Republic of Moldova and Georgia at the Vilnius Summit. As mandated by the EC, there is a need to speed-up the necessary procedures in order to sign these agreements by autumn 2014. Negotiations for a DCFTA with Morocco were launched on 1 March 2013. Scoping exercises are underway with Tunisia and Jordan.

### **53. Multilateral/plurilateral trade negotiations - *ongoing***

The EU remains committed to reaching an ambitious and balanced outcome at the 9<sup>th</sup> WTO Ministerial Conference in December in Bali. The core of this outcome shall be an ambitious and legally binding Trade Facilitation Agreement, complemented by certain agricultural and development elements. By the time of the WTO Ministerial Conference it is also expected to reach a political conclusion of the review of the Information Technology Agreement. Negotiations are progressing on the plurilateral agreement on trade in services and the Council is considering different options for liberalisation of trade in environmental goods and services.

### **54. International Procurement instrument - *ongoing within the Council***

The Compact for Growth and Jobs foresees the rapid examination of the Commission proposal on access to public procurement markets in third countries. Work is ongoing within the Council on the proposal submitted by the Commission on 26 March 2012.

## **ENLARGEMENT**

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### **55. Enlargement package - *ongoing***

On 16 October, the Commission presented its 2013 enlargement package, comprising a Strategy Paper for 2013-2014 and eight Progress Reports on the candidate countries and potential candidates. The Enlargement package will be on the agenda of the December GAC. The Commission recommended the opening of accession negotiations with the former Yugoslav Republic of Macedonia and granting the status of candidate country to Albania. The opening of chapter 22 (“Regional Policy”) at the Intergovernmental Conference with Turkey on 5<sup>th</sup> of November represents an important step in the negotiations. The Presidency is working in order to open a number of chapters with Montenegro by the end of 2013.

**56. Serbia - ongoing**

Regarding Serbia, the Commission has presented a draft negotiating framework, which is currently being examined within the Council. The aim is to adopt it at the December General Affairs Council and to hold the first intergovernmental conference by January 2014 at the very latest.

**57. Kosovo\* - ongoing**

The negotiations for a Stabilisation and Association Agreement with Kosovo\* have started in October 2013.

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\* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.