



**COUNCIL OF
THE EUROPEAN UNION**

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NOTE

From:	Presidency
On:	20 June 2014
To:	Permanent Representatives Committee/Council
Subject:	European Council follow-up: - Presidency Report on the implementation of EC conclusions

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 June European Council.

HORIZONTAL MATTERS

1. **European Semester - *ongoing***

The various formations of the Council examined the Annual Growth Survey ahead of the March EC, which set out the priorities for further work. The Commission presented the Country Specific Recommendations on 2 June and work has been undertaken in the relevant Council formations in preparation for the June EC. Today's Council will also address the issue. After endorsement by the June EC, the CSRs will be adopted by the Council early July.

2. **EU 2020 mid term review – *ongoing***

In March, the Commission presented its Communication launching the mid-term review process of the Europe 2020 strategy. Following the orientations set by the March EC and the public consultation process until end of October, discussions will take place in the various Council formations under the upcoming Presidencies and the GAC will play its coordinating role.

ECONOMIC AND FINANCIAL AFFAIRS

3. **Deepening EMU - *ongoing***

In December 2013, the EC agreed to revert to the issue of Partnerships for Growth, Jobs and Competitiveness to support structural reform in October 2014. The Presidency stands ready to undertake any preparatory work required at technical level, including in the context of preparing the European Semester discussion at the June EC. Various aspects of the social dimension of the EMU, including the scoreboard of key employment and social indicators as well as automatic stabilisers and ex-ante coordination of major social policy reforms are part of ongoing discussions.

4. **Bank resolution and deposit guarantee - *adopted***

The DGS Directive was adopted by Council in March. After the vote of the EP plenary in April, the BRR Directive was formally adopted in May.

5. **Single resolution - *adopted***

An agreement was reached in Council in March on the SRM Regulation and the EP plenary vote took place in April. The intergovernmental agreement on the single resolution fund was signed in May; ratification procedures are ongoing.

6. MiFID - *adopted*

After the EP Plenary vote in April, the two proposals (MiFIR and MiFID) were formally adopted by the Council in May.

7. Structure of EU banking sector - *ongoing within Council*

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). In January 2014, the Commission adopted two proposals - a Regulation on structural measures improving the resilience of EU credit institutions and a Regulation on reporting and transparency of securities financing transactions. Technical examination has started at the level of the Council working party.

8. Money laundering - *ongoing*

In accordance with the orientations set out at the May 2013 EC, work has continued on the revision of the third anti money laundering Directive and Regulation. A general approach was reached in June.

GROWTH AND JOBS

9. Single Market Act I - *completed*

All SMA I priority levers, including e-identification and posting of workers, were agreed before the end of the EP term and have been adopted. Energy taxation is reported separately below under point 25.

10. Single Market Act II - *ongoing*

A number of SMA II priority proposals have been adopted, including high speed broadband deployment; e-invoicing for public procurement and basic payment accounts. As concerns the proposal for modernisation of insolvency rules, the JHA Council reached a general approach in June. Work will have to continue under the next legislature on this file as well as the product safety package, long-term investment funds, payment services, the fourth railway package and multilateral interchange fees.

11. Supplementary pension rights - *adopted*

The Directive has been adopted and published in April 2014.

12. Youth employment - *ongoing*

The implementation of the Youth Employment Initiative has started at national level. The Recommendation on Quality Framework for Traineeships was adopted by the EPSCO Council in March. A third Summit meeting on Youth employment will take place in Turin (11 July).

13. Governance of labour policies - *implementation ongoing*

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

14. Labour mobility - *ongoing*

A new legislative proposal on EURES reform is under examination in the Council working party. An agreement has been reached with the EP on the proposals promoting the free movement of workers. The proposal on the creation of a network of public employment services was adopted. Other possible initiatives are expected from the Commission later in the year.

15. Services - *ongoing*

The October 2013 EC 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. This work was undertaken in the Council within the framework of the European Semester. The Commission presented "Services: tapping the potential for growth and jobs" ahead of the March EC and, at the end of March, it issued a work plan for reporting on national reforms in services markets.

16. Smart regulation - *ongoing*

On 2 October 2013, the Commission presented its Communication on results and next steps in regulatory fitness and performance. On 18 June 2014, the Commission presented a scoreboard further updating the state of play and progress made in this field. It will serve to inform possible further orientations at the June EC.

17. European Research Area - *ongoing*

The EC has called for the completion of the ERA by the end of 2014. The Commission presented its first annual ERA progress report in September 2013. The February COMPET Council adopted conclusions inviting Member States, in close cooperation with the Commission, to develop by mid-2015 an ERA roadmap at European level. The second ERA progress report is expected from the Commission in September 2014. The work on the roadmap preparation has started in European Research Area and innovation Committee (ERAC).

18. Joint initiatives in innovation - *adopted*

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. The initiatives were adopted in May 2014.

19. Collective rights management - *adopted*

The Directive on collective management of copyright and related rights and multi-territorial licensing of rights in musical works for online use in the internal market was adopted and published in February 2014.

20. Digital single market - *ongoing*

The October 2013 EC gave extensive orientations for the completion of the digital single market by 2015. Work continues at Council level on the "Connected Continent" package; the EP voted its first reading position on the Regulation, discussions will start with the new EP. Most other relevant legislative proposals (including e-identification, high-speed broadband deployment, collective rights management) have been adopted. 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 2013 EC. Following the review of the EU copyright framework the Commission is expected to issue a white paper.

21. Industrial competitiveness - *ongoing*

Work has been taken forward on the various orientations set out by the March EC in this area. Following the presentation of the Commission Communication on Industrial Renaissance, discussions took place at the February COMPET Council and sectoral presentations took place at the working party level throughout the Presidency period. The Commission provided indications at the informal May COMPET Council on its upcoming roadmap for taking work forward in this respect. The May COMPET Council was informed of the state of play regarding key enabling technologies and a Commission Communication on Projects of Common European Interest was adopted on 12 June. The Competitiveness and Growth High Level Group discussed on 13 June a five point plan for competitiveness mainstreaming and proofing in practice; the incoming Presidency will continue work.

22. Project bonds - *ongoing*

The implementation of the pilot phase continues; 8 projects have already been approved by the EIB.

23. FTT enhanced cooperation - *ongoing within Council*

A discussion was held at the May 2014 ECOFIN Council on the basis of a Presidency report. At that occasion, a joint statement of 10 of the 11 participating Member States was made, clarifying that the implementation of the FTT should be progressive with a first step to be implemented at the latest on 1 January 2016.

24. Savings taxation - *adopted*

The Commission reported on contacts with third countries in December 2013 and March 2014. An agreement on the amendment of the Savings Taxation Directive was reached at the March ECOFIN Council. Negotiations with third countries continue and the EC called for their finalisation by the end of 2014.

25. Energy taxation - *ongoing within the Council*

The Presidency continued work at technical level; a progress report was presented at the June ECOFIN Council.

26. Tax evasion - ongoing within the Council

Work is ongoing at OECD level. Within Council, discussions continue on the Directive for Administrative Cooperation, which the EC prioritised for adoption by the end of 2014, as well as on the proposal regarding a common consolidated corporate tax base. An agreement on the Parent-Subsidiary Directive was reached at the June ECOFIN Council.

ENERGY AND CLIMATE

27. Internal Energy Market - implementation ongoing

The implementation of the third package is continuing at national as well as EU level (adoption of network codes) with a view to completing the internal energy market by the end of 2014 as called for by the EC; the Commission made a presentation at the June TTE Council and will issue a new report on the state of play later this year. Work is also progressing regarding energy efficiency, with a Commission Communication expected in July, and on energy cost/price issues, which were addressed at the June TTE Council.

28. 2030 Framework for Energy and Climate - ongoing

Following the orientations set out by the March EC, the Presidency has taken work forward at technical level in particular as regards the implications for individual Member States, on the basis of technical fiches prepared together with the Commission. The issue has been addressed at the informal ministerial meetings on Environment and Energy in May. The June TTE and ENV Councils held discussions to prepare the ground for the June EC and in order to allow for an agreement to be reached by October. Sherpa bilaterals took place in mid-June.

29. Energy security - ongoing

The Commission presented a study and a Communication, as called for by the March EC, on 28 May. It was examined at the June TTE Council in preparation for the June EC. A discussion also took place at the informal ministerial on Energy in May. Work will continue with a view to taking a decision in October.

30. Energy interconnections - ongoing

This issue is addressed in the Communication on Energy Security (see item 29) issued . It was examined at the June TTE Council in preparation for the June EC. Work will then continue with a view to taking a decision in October. In addition, the implementation of the 248 Projects of Common Interest, decided last October, is progressing.

JUSTICE AND HOME AFFAIRS

31. Strategic guidelines for the future development of the JHA area - preparatory work

Discussions during the Presidency started already at the JHA informal ministerial meeting in January. The Commission issued Communications in March. Discussions continued at Coreper and Council level and Member States submitted contributions. The June JHA Council concluded the process ahead of the June EC and the Presidency sent a letter as input for the EC discussion.

32. Data protection package - ongoing within the Council

Partial general approach was achieved on chapter V and an orientation debate on one stop shop mechanism took place at the June JHA Council. The EP voted its first reading position in March. Work will continue at Council level.

33. Schengen enlargement - ongoing within the Council

The Council will in the future revert to the issue of the full application of the Schengen acquis to Bulgaria and Romania with a view to considering the way forward on the basis of a two-step approach.

34. 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. The first examination in the Frontiers working party has been completed. In February, Coreper endorsed the approach to follow regarding the study (2014) and pilot project (2015) which the Commission proposed for the purpose of providing a better basis for deciding on the different elements of the proposals.

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

As called for by the EC, the March JHA Council monitored the follow-up, including on the basis of a Commission report on operational actions. The Commission provided an updated state of play on implementation of the actions at the JHA Council in June which was the basis for an in depth discussion ahead of the June EC.

TRADE

36. 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. In particular, the negotiations with the US for a Transatlantic Trade and Investment Partnership, launched in June 2013, are progressing; FTA negotiations with India and with Japan continue. The process for the signing and conclusion of the agreements with Singapore and Canada is underway.

37. Trade agreements with neighbouring countries- *ongoing*

The political part of the Association Agreement with Ukraine was signed in March 2014; the Presidency remains committed to the EC objective of signing the remaining part of the agreement in the near future, following the elections held in Ukraine on 25 May. Signature is now planned on 27 June in Brussels. Work on the Association Agreements, including DCFTAs, with the Republic of Moldova and Georgia has been accelerated; the signing ceremony is also planned on 27 June in Brussels. Work is continuing regarding negotiations for DCFTAs and scoping exercises with countries in the Southern Neighbourhood.

38. Multilateral/plurilateral trade negotiations - *ongoing*

Following the success of the WTO ministerial in Bali, the December 2013 EC called for an acceleration of negotiations with a view to concluding the Doha Round. A work programme on remaining issues of the Doha Development Agenda is to be defined at WTO level by end 2014.

39. 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 continues within the Council on the proposal submitted by the Commission on 26 March 2012.

DEFENCE

40. EDTIB - *ongoing*

The Presidency has taken work forward on all orientations set out by the December 2013 EC in this area which fall under its responsibility. On the basis of a joint Communication from the Commission and the High Representative, an EU maritime security strategy has been drafted at the level of the FoP group on Integrated Maritime Policy, to be adopted by the June GAC. At the end of June, the Commission will issue a report to the Council and the EP setting out the way forward on cooperative research and investments for defence and security industrial capabilities; the report will also address access of SMEs to defence and security markets and involvement of SMEs in future EU funding programmes. The roadmap for the development of defence industrial standards is being finalised by the Commission and EDA at working party level.

ENLARGEMENT

41. Albania - *ongoing*

Ahead of the June EC, the Council will examine the Commission proposal to grant Albania the status of candidate country.

42. Montenegro - *ongoing*

The analytical examination of the *acquis* was completed during the Presidency.

NEIGHBOURHOOD

43. Ukraine - *ongoing*

The Presidency has taken work forward within the Council for those tasks arising from the conclusions of the March EC which fall under its responsibility. In particular, the Decision on macro financial assistance was adopted by the Council on 14 April. The autonomous trade preferences for Ukraine were also adopted in April.