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REPORT FROM THE COMMISSION

Monitoring the application of European Union law 2017 Annual Report

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Foreword

It was one of my great predecessors, Walter Hallstein, who said that the European Union was at its heart a Community of Law. Those words drove me to take up legal studies and then shaped my career in politics. And in my eyes those words are as true today as they ever were. The law remains our best tool to fight for fairness, to defend our freedoms and to deliver for our citizens.

This is why when I took up office in November 2014, I promised to take a more focused approach to policy and law-making from the start. We now strive to ensure that our policy proposals are based on evidence and public consultation. This way of working, the core of the Better Regulation agenda, aims to ensure that every measure in the EU's rulebook is fit for purpose and as easy as possible to implement and apply.

However, any rule, no matter how carefully drafted and prepared, is only as effective as its implementation. This is why the Commission takes as much interest in ensuring that laws are properly applied as we do designing them in the first place. The key to effective implementation of EU law is the cooperation and communication between the Commission and the Member States. This is why I have always put dialogue first when it comes to enforcement issues. And it is why we will continue to support Member States in implementing EU law.

At the same time, we need to take firm action against serious breaches of EU law. With that in mind, in 2016 we set clear priorities in our work on infringement cases and complaints. Since then, our enforcement efforts focus on the most important breaches of EU law, where action at European level can bring real added value. Our role is on the one hand to assist Member States in implementing EU law and on the other to firmly pursue serious breaches where they occur. The two roles go hand in hand.

This report on the application of EU law in 2017 covers the first year of this new, more targeted approach. The first results show that the new approach is already bearing fruit.

The free movement of workers is one of the EU's biggest achievements, but Europeans do not always feel that it happens in a fair way. For this reason, we had put in place rules in 2014 entering into force in 2016 on enforcement of the posting of workers directive that equip national authorities with additional tools to help fight abuse, fraud and undeclared work. In 2017, the Commission used its enforcement powers to ensure that Member States are implementing these rules properly and effectively. We also used our infringement tools in the area of consumer protection. This makes a tangible difference to people's lives, for example by ensuring that holidaymakers on package tours get their money back if their package tour operator goes bankrupt.

Enforcement is also making a difference in the online world. An increasing number of citizens are increasingly concerned about the protection of their personal data. This is why we introduced new rules that have now set a new global standard in protecting the privacy of citizens. Throughout 2017, we worked closely with the Member States to prepare the ground for the entry into application of these rules in May 2018. This illustrates the value we attach to supporting Member States in complying with EU law as early as possible.

We took the same approach when it comes to rules that make us safer and protect taxpayers' money. This Commission has stepped up the fight against money laundering and terrorism financing to ensure that Member States work better together to stop cross-border crime of this nature. We supported this throughout 2017 by acting firmly to make sure that the new EU Anti-Money Laundering legislation is properly transposed into national legislation.

These examples show how laws can make a difference and how proper enforcement can make sure that difference is felt in the daily lives of Europeans. This is what it means to be in a Community of Law.

European Commission President

Jean-Claude Juncker

Enforcement is key for the proper implementation of EU policy

The European Union can deliver on its policies only if the Member States apply and implement EU law correctly and without undue delay. The Commission uses a wide array of tools, including infringement procedures, to make sure that the objectives of EU policies are achieved on the ground.

A more strategic approach to enforcement of EU rules

In its Communication *EU law: Better results through better application*, the Commission has announced a new approach to its infringement policy. As a matter of priority, the Commission will target problems where its enforcement action can make a real difference and provide real added value to individuals and businesses.

For instance, the EU Single Market provides enormous opportunities for European businesses and a greater choice and lower prices for consumers. It enables people to travel, live, work and study wherever they wish. But these benefits do not materialise if Member States do not apply or implement single market rules, or if the rules are undermined by other barriers.

In the division of responsibilities between the European institutions, the European Commission has general responsibility to initiate the legislative process. The Council and the European Parliament decide on the Commission's proposals. The Member States are responsible for the timely and correct application, implementation and enforcement of EU law in the national legal order. The Commission closes this circle: once its proposals are adopted as EU law, it monitors whether the Member States are applying this law correctly and takes action if they are not.

Under the *Inter-institutional Agreement on Better Law-Making*, the three institutions have agreed to deliver to EU citizens open, clear and accessible EU legislation which can be effectively implemented. The Commission works in partnership with the Member States to ensure that this is the case. It does so by preparing implementation plans to assist the Member States in implementing EU law. When preparing proposals for directives, the Commission discusses with the Member States whether 'explanatory documents' — documents explaining how they have transposed a given directive into their law — are needed. This dialogue continues throughout the legislative procedures and the subsequent stages of transposition, implementation and application of EU law.

In line with the commitments made in the communications on a *Single Market strategy* and *EU law: Better results through better application*, the Commission organised compliance dialogue meetings in 2017 with three Member States: Belgium, Ireland and Italy. The discussions focused on the compliance and transposition deficits identified in the Internal Market Scoreboard, ongoing infringement procedures and new developments under the Single Market strategy. The dialogues proved useful for gathering country knowledge and assessing the situation of the Single Market legislation in these Member States.

Once agreed, Member States must implement and apply EU legislation effectively and on time to deliver its intended benefits to the public.

The Commission's new enforcement policy underpins the achievement of EU policy objectives. The Commission should therefore act firmly and quickly when infringements obstruct the achievement of EU policy objectives.

In 2017, the Commission took swift action and launched infringement procedures against 16 Member States who failed to adopt measures to reduce the use of lightweight plastic carrier bags, as required by the *Plastic Bags Directive*. According to EU rules, Member States should achieve this objective by

putting a price on lightweight plastic carrier bags and/or by ensuring that a limited number of these bags are used per person a year.

The Commission has set out clear priorities which will guide its actions in pursuing alleged breaches of EU law. In line with these priorities and its political commitment to be more strategic in enforcing EU law, the Commission closed cases when that appeared appropriate from a policy point of view.

In 2017, the European Commission closed [infringement procedures and complaints](#) against a number of Member States in the area of gambling.

The Commission does not consider it a priority to use its infringement powers to promote an EU Single Market in the area of online gambling services.

The Court of Justice of the European Union has repeatedly recognised Member States' rights to restrict gambling services where necessary to protect public interest objectives such as protecting minors and combating gambling addiction and irregularities and fraud.

The Commission acknowledges the broader political legitimacy of the public interest objectives that Member States are pursuing when regulating gambling services.

The Commission will continue to support Member States in their efforts to modernise their national legal frameworks for online gambling and to facilitate cooperation between national gambling regulators. At the same time, and in the light of the numerous judgments of the Court of Justice of the EU on national gambling legislation, the Commission considers that complaints in the gambling sector can be handled more efficiently by national courts than by the Commission.

To ensure swifter compliance where it matters, the Commission has adjusted its policy on the use of the EU Pilot mechanism. Under this mechanism the Commission informally raises its concerns about possible infringements with the Member States before launching formal proceedings. EU Pilot is no longer the default mechanism to engage in dialogue with Member States on alleged breaches of EU law. Instead, the Commission will normally launch infringement procedures without relying on EU Pilot. This explains the considerable decrease in the number of new EU Pilot procedures that the Commission launched in 2017.

As the Commission sets a high priority on investigating cases where Member States failed to communicate their national measures transposing directives, it strengthened its sanctions regime for such cases. When such infringement cases are brought to the Court of Justice, the Commission will systematically ask the Court to impose a lump sum as well as a periodic penalty payment. The Commission will apply this policy for the infringement procedures which were launched after the publication of the Communication [EU law: Better results through better application](#) on 19 January 2017. Given the short period of time that has elapsed since then, the Commission did not refer any case to the Court under the new sanctions regime in 2017.

The Commission continues to place great value on help from members of the public, businesses and other stakeholders in detecting breaches of EU law. At the same time, it is equally important that the public understands the nature of the infringement process and sets its expectations accordingly. The primary purpose of the infringement procedure is to ensure compliance with EU law by the Member State, and not to provide for individual redress or compensation. Certain categories of cases can often be satisfactorily dealt with by other, more appropriate mechanisms at EU and national level, such as SOLVIT, national courts and national ombudsmen. The Communication [EU law: Better results through better application](#) has laid the groundwork by committing to strengthening cooperation with the European Network of Ombudsmen in order to promote good administration in the application of EU law at national level.

In 2017 the Commission built on this commitment. Together with the European Ombudsman and the European Network of Ombudsmen it organised a workshop to increase exchanges of information on

both ongoing investigations of breaches of EU law and redress mechanisms available to members of the public.

National parliaments play an essential role in implementing EU legislation in the national legal order. Therefore, the Commission can only welcome their increased interest in issues related to the implementation, application and effective enforcement of EU law. In addition to its regular exchanges with national parliaments on legislative proposals, the Commission enhanced this dialogue by including specific enforcement-related issues. In 2017, the Commission used this opportunity to clarify its new enforcement policy in its exchanges with the German and Czech national parliaments.

1. A new boost for jobs, growth and investment

The Juncker Commission's first priority is to stimulate investment that creates jobs and to strengthen Europe's competitiveness. However, efforts to create the right regulatory environment to support businesses and job creation are undermined if the Member States do not implement EU rules correctly and on time.

Ensuring fair working conditions across EU



The free movement of workers in the Single Market goes hand in hand with ensuring a similar level of protection at work across the EU. The Working Time Directive lays down minimum safety and health requirements for organising working time. Long working hours and insufficient rest (particularly over prolonged periods) can have damaging effects on the health of workers (such as higher rates of accidents and mistakes, increased stress and fatigue,

and short- and long-term health risks).

In April 2017 the Commission presented an 'Interpretative Communication' on the Working Time Directive and a report on how it is being implemented. These instruments aim at clarifying the applicable legislation. In doing so, the aim of the Communication is primarily to assist national authorities, legal practitioners and social partners in interpreting the directive.

The uneven application of the Working Time Directive across the Member States has left categories of workers without the protection it offers. In the public sector, armed forces, police and civil protection services such as prison staff and public service firefighters have not always reaped the benefits of the directive. As for the private sector, in some Member States domestic workers could not always benefit from their rights under the directive either. The right to paid annual leave — one of the directive's core elements — has not always been integrated correctly into national law.

After the Commission launched infringement procedures, France and Spain amended their legislation in 2017 to extend the benefits of the Working Time Directive to certain categories of members of their police forces.

Over the past 20 years the Commission's enforcement actions have addressed such shortcomings. In addition, more than 50 judgments and orders of the Court of Justice of the EU have interpreted the provisions of the Working Time Directive. The impact of these interpretations is considerable: they are used by national courts in interpreting national law and thus imposed on employers.

The EU legislation on occupational safety and health (OSH) establishes high standards of worker protection against health and safety risks at work. It contributes to preventing work-related illness and accidents, which helps to improve people's lives. In 2017 the Commission's enforcement actions in

this area made Member States bring into force national legislation to ensure compliance with EU law, in particular with the Directive on occupational exposure to electromagnetic fields.

Enforcing environmental rules



In 2017, the Commission took legal action to address the inadequate implementation of environmental legislation.

The Commission referred Poland to the Court of Justice of the EU over its increased logging in the Białowieża Forest which is one of Europe's last remaining primeval forests and a protected 'Natura 2000' site. The site protects species and habitats that are dependent on old-growth forests, including the availability of dead wood. For some of these species, the Białowieża Forest is the most important and the last remaining site in Poland. As logging operations started on a significant scale the Commission also asked the Court to impose interim measures ordering Poland to suspend the works immediately. The Court granted the Commission's request and ordered Poland to immediately cease its active forest management operations in the Białowieża Forest, except in exceptional cases where they are strictly necessary to ensure public safety. The Court also confirmed for the first time that Poland could face financial penalties if it did not comply with the decision of the Court.

Improving air quality remains a major challenge. Despite the obligation for Member States to ensure good air quality for the public, air quality has been a problem in many places for a number of years now. Every year, poor air quality causes more deaths than road traffic accidents.

In 2017 a total of 30 infringement procedures over excessive levels of particulates (PM¹⁰), nitrogen dioxide (NO₂) and sulphur dioxide (SO₂) in the air were under way. These pollutants, mostly resulting from human activities such as transport, industry and domestic heating, can cause respiratory problems, lung cancer and premature death. In a landmark ruling against Bulgaria over exceedance of limits on pollution by particulates, the Court of Justice upheld the Commission's enforcement actions. The Commission will continue to pursue the infringement procedures over air quality under way against the other Member States.

Member States also need to have adequate systems to collect and treat urban waste water as untreated water poses risks to human health, inland waters and the marine environment.

In 2017, the Court of Justice upheld the Commission's arguments in cases brought against the United Kingdom and Greece over insufficient urban waste water treatment.

The Commission actively pursued infringement actions in 2017 against the Member States which did not implement the revised Environmental Impact Assessment Directive in their national legislation. This directive simplifies the rules for assessing the potential effects of projects on the environment.

At the same time, the Commission worked closely with national authorities and other stakeholders to support compliance and resolve problems at an early stage. Environmental Implementation Review country reports were issued in February 2017 which gave the first ever comprehensive overview of how Member States apply EU environmental policies and laws on the ground. On the basis of these

reports, the Commission started country dialogues with the Member States. In addition, the Commission set up a peer-to-peer instrument to help the sharing of expertise between national, regional and local public authorities in charge of implementing EU environmental law and policy.

Enforcing the agricultural rules



The common agricultural policy and the enforcement of related EU rules provide support for farm income and for farming to become more environment-friendly. These actions also help to increase the sector's competitiveness and resource efficiency, and to support life in rural areas more generally.

In 2017 the Commission's actions to enforce the agricultural rules focused on monitoring how Member States are implementing the reform of direct payments. The Commission started

bilateral dialogues with the Member States which were incorrectly using financial aid under the Voluntary Coupled Support scheme to support types of farming or sectors facing other difficulties than the risk of abandonment or of decline of production.

The difficulties encountered in practice showed that the applicable rules needed to be clarified. The Commission therefore adopted a regulation in December 2017 which adjusted the conditions under which Member States may grant financial support to farmers through the Voluntary Coupled Support scheme.

Through dialogue, the Commission persuaded the national authorities of a Member State to change a discriminatory provision which prevented people with disabilities from applying for financial support to modernise their agricultural holdings.

Caseins, a substance found in milk, have a wide variety of uses in industry. They are used in many industries as a binding agent, are a major component of cheese and are used as a food additive. The EU labelling rules on caseins and caseinates facilitate the free movement of these products by food business operators.

The Commission actively followed up on infringement procedures against Cyprus, Italy and the United Kingdom as they did not implement the marketing standards for caseins and caseinates in their national legislation on time.

Enforcing the rules on maritime affairs and fisheries



To help Europe make the transition to a more 'circular' economy which uses natural resources more sustainably, fish resources must be managed in a sustainable way. This is also necessary to ensure jobs and growth in the fisheries sector in the long term. The Commission's enforcement strategy in 2017 therefore concentrated on the areas of fisheries conservation and control that are essential to building a circular economy.

If Member States do not take immediate and effective measures to prevent illegal, unreported and unregulated fishing, this makes it harder for the EU to combat such practices around the globe.

The Commission launched infringement procedures against Portugal as fishing vessels flying the Portuguese flag and operating in the waters under the responsibility of the Northwest Atlantic Fisheries Organisation were repeatedly and for a long time involved in fishing activities that violated this organisation's conservation measures.

The national systems for monitoring fisheries must provide for dissuasive sanctions for serious infringements of the rules of the EU common fisheries policy. The Commission took action to remedy systemic deficiencies that hamper the detection of illegal fishing activities, which harms sustainability.

Under the common fisheries policy, EU fishing vessels have equal access to waters and resources in all EU waters. Member States must ensure that vessels flying the flag of other EU countries can freely access the waters under their jurisdiction to fish.

The Commission took further action in the [infringement procedure](#) against Romania as the latter failed to grant fishing vessels from other Member States equal access to its waters.

The competition for space in our waters — for renewable energy equipment, aquaculture and other uses — has made it necessary to manage our seas more coherently. Maritime spatial planning works across borders and sectors to make sure that all human activity at sea takes place in an efficient, safe and sustainable way. The Commission took steps in 2017 to ensure that the [EU common framework for maritime spatial planning](#) is implemented on time in the national legislation of the Member States.

Enforcing the rules on regional policy



The European Structural and Investment Funds support investments in key growth-generating policy areas across the EU. To make sure that the Funds are used as effectively as possible, Member States must comply with certain preconditions. The Commission verifies that these are met. Investments in Member States must abide by the same EU laws and standards that apply across a variety of sectors, such as in the environmental,

employment or research sectors.

In 2017 the Commission's action focused on enforcing the preconditions in the areas of public procurement, State aid, comprehensive plans for transport investments, and in the water and waste sector.

Fighting fraud against the EU budget



In 2017 the Commission continued to follow up on cases which resulted in a loss of income for the EU budget.

The European Anti-Fraud Office (OLAF) published a report concerning a major case of customs fraud in 2017. This involves international organised crime groups scouting ports in the EU with the weakest controls in order to get away with falsely declaring low values for textiles and footwear

imported from China. Since both customs duties and value added tax are calculated on the basis of the value of imported goods the fraudsters can thus benefit illegally from the lack of appropriate controls by paying much less than legally due. OLAF's investigation revealed that the single most significant hub for this fraudulent traffic was located in the United Kingdom. As the goods were mainly destined for the markets of other Member States, including France, Spain, Germany and Italy, the revenues related to the value added tax to be perceived by those Member States were significantly affected. In 2017 the Commission's inspections confirmed the conclusions of OLAF's investigation and the ongoing fraud in the United Kingdom over 2011-2017. The Commission again requested the United Kingdom authorities to finally implement effective remedial measures to prevent the import of heavily undervalued textiles and footwear from China. These measures had already been implemented by other Member States following the Commission's recommendations to all Member States including the United Kingdom. The Commission took appropriate steps to protect the financial interests of the Union and requested the United Kingdom to take the necessary measures to make available all amounts due to the EU budget.

The Commission referred the Netherlands and the United Kingdom to the Court of Justice for failing to pay a total of EUR 20 million of customs duties lost by the EU budget (less collection costs). In the case of both Member States the loss of traditional own resources to the EU budget comes from wrongly issued certificates by their overseas countries and territories. In the case of the United Kingdom, aluminium was imported from non-EU countries to an overseas territory (Anguilla) and then re-exported to the EU. The import wrongly benefited from an exemption from EU customs duties, as 'EXP' certificates should not have been issued by Anguilla. As regards the Netherlands, imports of milk powder and rice from Curaçao in 1997-2000 and of groats and rice products from Aruba in 2002-2003 were wrongly exempted from EU customs duties when imported to Europe, as 'EUR. 1' certificates should not have been issued by these territories. Curaçao and Aruba are both overseas countries of the Netherlands. If a Member State does not make its full contribution to the EU budget, the other Member States must compensate for the shortfall.

2. A connected Digital Single Market

The Digital Single Market strategy aims to remove online barriers that make people in the EU miss out on goods and services.

Enforcing the 'roam like at home' principle



Since 15 June 2017 the 'roam like at home' rules apply to all EU travellers. This means they pay the same price for mobile calls, text messages and data when visiting another Member State as when they are in their Member State of residence.

In 2017 the Commission closely monitored that the Member States were applying the EU Roaming Regulation correctly. The monitoring shows broadly successful implementation of the new roaming rules and a considerable increase in travellers' roaming traffic since 15 June 2017.

Guaranteeing trust in online transactions



The eSignature, which makes it possible to sign documents in the online world much like one signs a document with a pen in the offline world, is already a reality in the EU. However, trust services other than the eSignature are necessary to make electronic transactions in cross-border scenarios (as at national level) secure and legally valid.

In 2017 the Commission took action to ensure that the EU Regulation on trust services is correctly applied across the EU. It also acted to ensure that electronic signatures, electronic seals, time stamps, electronic delivery services and website authentication work across borders and have the same legal

status across the EU as traditional paper-based processes.

Ensuring better internet connectivity



The Broadband Cost Reduction Directive helps to reduce the cost of rolling out high-speed internet by up to 30 %, which means that more people in the EU can get access to it. Proper implementation of the Directive is essential for completing the EU's Digital Single Market and increasing connectivity.

After the Commission had launched infringement procedures, most of the Member States had implemented the Broadband Cost Reduction Directive into national law. Cases against Belgium and Slovakia were still pending before the Court of Justice at the end of 2017.

Ensuring protection of copyright and related rights



The Collective Rights Management Directive improves the governance and transparency of collective management organisations. These organisations manage copyright and related rights on behalf of right holders, such as authors, composers or performers, across Europe. They facilitate licensing rights, collection and distribution of royalties and they promote the diversity of cultural expression. The

Directive contributes as well to wider availability and choice of online music in Europe, including across national borders.

The Commission took further steps in the infringement procedures against Bulgaria, Spain, Luxembourg, Poland and Romania for failing to implement the Collective Rights Management

Directive on time.

The application of copyright rules to a peer-to-peer file-sharing website has been clarified in a judgment of the Court of Justice of the EU on Pirate Bay. The Pirate Bay allows users to share and upload, in segments ('torrents'), copyright-protected works stored on their computers. The rightholders have, as a general rule, not given their consent to the operators and users of this kind of website to share their works. The Court ruled that making available and managing an online platform for sharing works, such as The Pirate Bay, may constitute an infringement of EU copyright rules. Even if the copyright-protected works in question are placed online by the users of the online sharing platform and not by the platform itself, the operators of that platform play an essential role in making those works available to all the platform's users.

At the end of the year the Commission also adopted the Intellectual Property package. This provides guidance on the interpretation of the Enforcement of Intellectual Property Rights Directive, making it easier for the Member States to implement the directive.

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

The European Energy Union means ensuring secure, affordable and clean energy for households and businesses by allowing the free flow of energy across national borders within the EU. It also stimulates the development of new technologies and renewed infrastructure in order to cut household bills, create jobs and boost growth. The Energy Union will lead to sustainable energy consumption by reducing greenhouse gas emissions, pollution and our dependence on fossil fuels.

Leading the energy transition towards a safe, secure and sustainable energy sector with the consumer at its centre



A competitive environment for energy suppliers leads to affordable energy prices for homes, businesses and industries. For this reason, the Commission's enforcement action in the energy sector in 2017 focused, among other things, on the implementation of the Third Energy Package Directives and the TEN-E Regulation.

Proper implementation of the EU rules in the energy sector is key to reducing energy consumption and to making it more sustainable. It also helps to reduce carbon dioxide emissions and dependence on fossil fuels, while ensuring at the same time that the provision of energy is reliable, in particular to the most vulnerable consumers. The

Commission's enforcement actions concerning the Energy Efficiency Directive, the Energy Performance of Buildings Directive, the Renewable Energy Directive and the Security of Gas Supply Regulation were targeted to support these objectives.

The Energy Efficiency Directive and the Energy Performance of Buildings Directive impose a set of rules for providing reliable information to consumers on their energy needs and consumption patterns. These rules were enforced in 2017 through infringement procedures against the Czech Republic, Greece, Spain, Latvia, Malta and the Netherlands.

The Commission undertook a number of enforcement measures to ensure that Member States have in place a national framework for the safe and responsible management of spent fuel and radioactive waste and to improve the legal framework on radioactive substances in drinking water. The enforcement of safety requirements for offshore oil and gas operations was also a priority.

To this end, the Commission took further steps in the infringement actions against the Czech Republic, Croatia, Italy, Austria and Portugal for failing to adopt national programmes for radioactive waste and spent fuel management compliant with EU standards. In addition, the Commission opened infringement procedures against Belgium, Denmark, Luxembourg, Austria and Slovenia for failure to implement the amending Nuclear Safety Directive in their national legislation on time.

In 2016 and 2017, the Commission has stepped up its action in the energy sector through a number of legislative proposals. Two of these proposals (the [Energy Labelling Regulation](#) and the [Security of Gas Supply Regulation](#)) were adopted by the European Parliament and Council in 2017.

Implementing the Paris Agreement on climate change



In 2015, at the Paris climate change conference, the EU and its partners built a broad coalition of high ambition that led to the Paris Agreement. The [Agreement](#) sets out a global action plan to put the world on track to avoiding dangerous climate change. To implement the Paris Agreement, the European Commission has proposed an ambitious set of economy-wide targets aimed at reducing the EU's greenhouse gas emissions by at least 40 % below 1990 levels by 2030. To achieve these targets it is important

that existing climate legislation is fully implemented and strictly enforced.

The Commission therefore closely monitored the application of the existing climate change legislation in 2017.

As only five Member States transposed the [Directive on fuel quality](#) into national laws on time, the Commission launched infringement procedures against each of the remaining Member States. The Directive tackles the problem of greenhouse gas emissions from the use of polluting road transport fuels by requiring suppliers to reduce the average emissions of such fuels. As the transport sector is one of the EU's biggest carbon dioxide emitters, it is important that Member States transpose the Directive within the given deadline.

The Commission also initiated bilateral dialogues to ensure that Member States comply with the [Directive on the geological storage of carbon dioxide](#). Carbon capture and geological storage is a technique for trapping carbon dioxide from large sources such as power plants, compressing it and transporting it to a suitable storage site where it is injected into the ground. This technology has significant potential to help limit greenhouse gas emissions in Europe.

The Commission took similar actions to ensure that Member States apply the [Regulation on fluorinated greenhouse gases](#). This aims to reduce emissions of man-made gases used in a range of industrial applications. These are very powerful greenhouse gases that can stay in the atmosphere for centuries.

The Commission was also active in monitoring Member States' compliance with the [Regulation creating an EU-wide framework for the monitoring, reporting and verification of carbon dioxide emissions from maritime transport](#). Reducing greenhouse gas emissions from shipping is an important step towards meeting the targets of the Paris Agreement.

Accelerating the deployment of infrastructure for alternative fuels is essential for making transport clean and competitive across Europe. In November 2017 the Commission adopted a Clean Mobility Package aimed at reinforcing the EU's global leadership in clean vehicles. The Directive on the deployment of alternative fuels infrastructure aims to establish a common framework for the large-scale roll-out of infrastructure for alternative fuels across Europe. The Directive helps to reduce transport's dependence on oil, limit its environmental impact and strengthen Europe's leadership in combating climate change. It sets out minimum requirements for building the alternative fuels infrastructure, including recharging points for electric vehicles and refuelling points for natural gas and hydrogen vehicles.

As 21 Member States failed to implement the Directive on the deployment of alternative fuels infrastructure on time, the Commission launched infringement procedures against each of them.

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

The EU Single Market remains Europe's most precious asset for individuals and businesses. It provides enormous opportunities for European businesses as well as greater choice and lower prices for consumers. It enables people to travel, live, work and study wherever they wish. But these benefits cannot be enjoyed when single market rules are not applied or implemented, or if they are undermined by other barriers.

Ensuring undistorted competition



Anyone has a right to full compensation for the harm caused to them by an infringement of the EU antitrust rules, such as the operation of a cartel or abuse of a dominant position in the market. However, in practice most victims, particularly small and medium-sized enterprises and consumers, rarely obtain compensation from the infringers. Full compensation is an EU right, but exercising it is governed

by national rules. These often make it expensive and difficult to bring actions for antitrust damages. The Antitrust Damages Directive adopted in 2014 helps individuals and companies claim damages, for example by giving them easier access to evidence to prove the damage suffered and by granting them more time to lodge their claims before national courts.

In 2017, the Commission monitored the implementation of the directive in national legislation.

In January 2017 the Commission launched infringement procedures against 21 Member States over the Antitrust Damages Directive. Since then, most of them have taken measures to implement the directive in their national law. By the end of 2017, only Bulgaria, Greece and Portugal had not yet adopted the necessary measures.

As regards the public enforcement of antitrust rules, in December 2017 Greece proposed a set of remedies to the Commission which give third parties access to lignite-fired electricity generation. This seeks to address competition concerns identified by the Commission in a decision from 2008.

Furthermore, in 2017 the Commission continued discussions with the French authorities to find suitable measures to address competition concerns which it had first raised in 2015. These relate to the fact that, by granting most of the country's hydropower concessions to one company, France had maintained or strengthened that company's dominance on the French electricity market in violation of EU competition rules.

On the State aid front, consistently enforcing its decisions against State aid is essential to the credibility of the Commission's system of State aid control.

The Commission filed a legal action against Greece for failing to implement a Commission decision of 2008 requiring it to recover illegal State aid granted to Hellenic Shipyards.

Ensuring the free movement of workers



EU citizens are entitled to work in whichever Member State they choose. At the same time, the rights of workers who choose to work abroad must be protected. Under the Directive on measures facilitating the exercise of rights conferred on workers in the context of freedom of movement for workers, Member States must ensure that mobile EU workers have access to effective legal protection if their rights are breached.

Member States must also designate one or more bodies to promote equal treatment, to provide support and assistance to mobile EU workers and to promote active dialogue between social partners, non-governmental organisations and public authorities.

In 2017 the Commission continued infringement actions against eight Member States (Czech Republic, Estonia, Cyprus, Lithuania, Luxembourg, Austria, Portugal and Romania) which failed to implement on time in their national legislation the obligations deriving from the Directive on measures facilitating the exercise of rights conferred on workers in the context of freedom of movement for workers. As a result of this action all Member States took the necessary measures to implement the Directive before the end of 2017.

Free movement is one of the biggest advantages of the Single Market, but it has to happen in a fair way. To avoid social dumping in the provision of services, the Enforcement Directive on Posting of Workers provides national authorities with the tools to fight abuse and fraud and to improve their administrative cooperation and the exchange of information.

In 2017 the Commission used its enforcement powers to ensure that Member States are implementing the Enforcement Directive on Posting of Workers in their national legislation without delay. It took further steps in the infringement procedures launched against 10 Member States (Czech Republic, Cyprus, Spain, Croatia, Hungary, Luxembourg, Portugal, Romania, Slovenia and Sweden). As a result of this action all Member States took the required measures to implement the Directive before the end of 2017.

Ensuring the free movement of goods



Under EU law national authorities are responsible for checking that a car type meets all EU standards before individual cars can be sold on the Single Market. When a car manufacturer breaches the legal requirements, national authorities must take corrective action (such as ordering a recall) and must apply effective, dissuasive and proportionate penalties under national legislation. The Commission continued to monitor the enforcement of these rules by Member States in 2017.

In the automobile sector, following the revelations in September 2015 that Volkswagen Group used software to dodge emissions standards for certain air pollutants, the Commission concluded that several Member States failed to establish or apply penalty systems to deter car manufacturers from violating car emissions legislation. In 2017 the Commission took further steps against Germany, Greece, Spain, Luxembourg and United Kingdom for failure to fulfil their obligations under EU vehicle type-approval legislation.

The Commission also launched an infringement procedure against Italy for failing to fulfil its obligations under EU vehicle type-approval legislation with regard to Fiat Chrysler cars.

Ensuring the freedom of establishment



The Commission closely followed the changes to the Higher Education Law in Hungary. These changes added new requirements regarding:

- the need for bilateral agreements between Hungary and higher education institutions from non-European Economic Area countries; and
- the need to provide higher education services also in the country of origin.

The Commission launched an infringement procedure against Hungary as these amendments restricted EU and non-EU universities in their operations.

Under the Professional Qualifications Directive, EU citizens are entitled to have their professional qualifications recognised in another Member State.

The Commission's intervention led the authorities in Ireland and Austria to recognise the professional qualifications of Croatian nurses.

Following the Commission's enforcement action, Poland removed the minimum tariffs between patent agents and their clients. The Commission referred Germany to the Court of Justice for imposing fixed tariffs on architects and engineers, which apply only to architects and engineers in Germany.

Improved information and assistance for citizens and businesses



In May 2017 the Commission adopted a package of tools to improve the practical functioning of the EU Single Market for individuals and businesses.

The SOLVIT Action Plan reinforces the role of SOLVIT as a practical and informal means of redress where the EU rights of citizens and businesses have been breached by public authorities in a cross-border situation. Under this plan, a complaint submitted to the Commission can be transferred to SOLVIT.

At the same time the Commission adopted an ambitious proposal for a Single Digital Gateway that answers the demand from businesses, members of the public and other stakeholders for better access to the Single Market. The Single Digital Gateway will give users

easy online access to information about EU rules and national rules, to procedures for complying with these rules, and to help and assistance at EU and national level. Cross-border users should be able to access and use these online services in the same way as national users. The Gateway will support the cross-border application of the 'once only' principle by providing a mechanism for automated exchange of evidence across borders. The 'once only' principle aims to ensure that members of the public and businesses are requested to supply the same information only once to a public administration.

The Single Digital Gateway responds to users' needs in a digital world. It could help companies save more than EUR 11 billion per year, and EU citizens up to 855 000 hours of their time annually. The initiative also encourages Member States to adopt e-government strategies and to offer a modern and efficient public service.

In 2017, in close cooperation with the Member States, the Commission launched the interconnection of business registers which will facilitate access to company information in the EU, both at home and across borders.

Through the single European e-Justice portal, the interconnection of business registers gives electronic access across the EU to information about companies from all business registers in the Member States. This system will now enable businesses, consumers, investors and authorities to find out more about the companies they are dealing with or that they want to do business with. The ultimate aim is to increase confidence in the Single Market through transparency and through up-to-date information on EU companies.

Enforcing the Capital Markets Union, financial services rules and the free movement of capital



The Commission's enforcement action in 2017 focused on ensuring that Member States implemented the directives which were adopted in the aftermath of the financial crisis. These aim to further open up the EU financial services markets, strengthen the resilience and stability of the financial sector and improve investor protection. They include the [Accounting and Audit Directives](#), the [Mortgage Credit Directive](#), the [Payment Accounts Directive](#) and the [Directive on disclosure of non-financial information by certain large undertakings amending the Accounting Directive](#).

Almost all Member States adopted measures by the end of 2017 to give effect to these directives in their national legislation. In many cases, these measures were adopted after the Commission opened infringement procedures.

The [Markets in Financial Instruments Directive](#) is a cornerstone of the reforms that the EU put in place to improve investor protection following the financial crisis. The new rules will reinforce the single market, making it possible for financial instruments to be traded in transparent, well-supervised, competitive and stable markets across the whole of the European Economic Area.

The Commission launched infringement cases against 19 Member States for late transposition of the Markets in Financial Instruments Directive into their national legislation.

The proper implementation of the Markets in Financial Instruments Directive and other relevant directives (such as the Transparency Directive) is necessary for achieving the Capital Markets Union. The Capital Markets Union aims at improving access to finance, in particular for innovative companies, start-ups and small and medium-sized enterprises. It also seeks to make capital markets more attractive for retail and institutional investors, and cross-border investment easier.

The Commission monitored compliance with the principle of free movement of capital by the Member States. It [referred Hungary to the Court of Justice](#) for failure to comply with EU rules on the rights of cross-border investors in agricultural land. Hungary had adopted a law which terminated certain 'usufruct rights' — contracts giving the right to use a property and to profit from it — held by investors in Hungary. This deprived both foreign and domestic investors of their acquired rights and of the value of their investments, without providing them with compensation.

Enforcing the rules on taxation and customs



The Commission's enforcement strategy in the area of customs focused on ensuring that Member States apply the Union Customs Code correctly and uniformly and on detecting charges with equivalent effect to customs duties, even within the EU.

After the Commission opened an infringement procedure, the Italian authorities amended their rules to remove a restriction of direct customs representation that was contrary to the Union Customs Code.

The Commission carried out an enquiry to check the compatibility of national rules on cash control with EU legislation.

As a result of the Commission's intervention, Denmark amended the Single Administrative Document used for customs procedures, which did not comply with the requirements of EU customs legislation.

In the area of indirect taxation, the Commission gave priority in its enforcement efforts to pursuing infringements that restrict the Treaty freedoms and have a strong impact on the functioning of the internal market.

Under the Electronic Road Cargo Monitoring System, Hungary requested companies to report to the tax administration intra-EU (and certain domestic) shipments carried out on public roads. Such a system is against the VAT Directive as it primarily affects cross-border EU transactions and puts a heavy burden on businesses when crossing borders. The Commission launched an infringement procedure against Hungary.

The Commission took action against Italy, which excludes non-Italian citizens who do not intend to settle in Italy from benefiting from the reduced rate applying to the purchase of the first non-luxury home

One of the benefits of the internal market is that individuals and businesses have the freedom to move, operate and invest across national borders. But because direct taxation is not harmonised across the EU, this freedom can mean that some taxpayers manage to avoid or evade tax in their country of residence. Tax authorities in the EU have therefore agreed to cooperate more closely to ensure that taxes are paid and to fight tax fraud and tax evasion. This cooperation has been enshrined in the Directive on administrative cooperation. The Directive enables Member States, in an increasingly globalised environment, to ensure that all their taxpayers pay their fair share of taxes. It is the core transparency tool to combat the tax evasion practices brought to light by the LuxLeaks case and the Panama and Paradise Papers documents.

The Commission's enforcement action in 2017 focused on ensuring that Member States implemented important amendments to that Directive. These amendments concern the exchange of information on tax rulings and country-by-country reporting. By the end of 2017, almost all Member States had adopted the required measures.

In a landmark Grand Chamber judgment, the Court of Justice held that the courts of one Member State may review the legality of requests for tax information sent by another Member State under the Directive on administrative cooperation. Such a review is however limited to verifying whether the

information sought is not manifestly devoid of any foreseeable relevance to the tax investigation concerned.

In 2017, the Commission closed infringement procedures against Germany (over the inheritance tax rules on special maintenance allowances) and Greece (regarding the inheritance tax treatment of bequests to non-profit organisations and for primary residences) after they made amendments.

Ensuring a high level of protection for consumers



In May 2017 the Commission finished assessing key pieces of EU consumer and marketing law. Overall, it concluded that the existing rules are still fit for purpose if enforced and applied properly. Nevertheless, the Commission identified several gaps. For this reason, and in response to mass-harm cases such as the 2015 car emissions scandal or the massive flight cancellations in 2017 by an air company, which affect hundreds of thousands of consumers across the EU, the Commission will present the New Deal for Consumers in 2018. This will

make it possible for consumers to have their interests defended collectively through representative organisations. This initiative will offer cheaper and more effective means to stop and remedy breaches that harm multiple EU consumers simultaneously. It will also improve public enforcement through more effective, proportionate and dissuasive penalties for breaches of EU consumer law.

The Commission closed an infringement procedure against Italy over package travel as the country has now brought its rules into line with the 1990 Package Travel Directive. The EU legislation requires organisers of package tours to have insolvency protection, guaranteeing that consumers receive a refund and are brought back home if the travel organiser goes bankrupt. After the tour organiser Todomondo went bankrupt in 2009, the Italian National Guarantee Fund received more than 4 000 reimbursement claims totalling almost EUR 7 million. However, there was not enough money in the Fund to cover them. After the Commission opened the infringement procedure, Italy replaced the underfunded National Guarantee Fund with a duty for tour operators and travel agencies to take out insurance or to provide a bank guarantee for all payments they receive from travellers. Italy has also made arrangements for the reimbursement for all travellers who had lost money through insolvencies in the past. In 2015 a new Package Travel Directive was adopted which extends the protection beyond traditional travel packages, while maintaining a high level of insolvency protection for travellers. The new Directive needs to be implemented by Member States by January 2018 and will become applicable from July 2018. The Commission will check that national laws comply with the new Directive.

Despite far-reaching safety rules, there are still too many unsafe and illicit products on the market that can cause major risks for consumers. In 2017 the Commission adopted the Goods Package, which will help to improve enforcement of the EU's harmonised rules on product safety.

Ensuring a high level of protection of public health



On public health, the Commission monitored whether Member States effectively introduced the provisions of the Tobacco Products Directive into their national law. This Directive aims to reduce tobacco use, particularly by discouraging young people from taking up smoking, and ensuring that all members of the public are fully aware of tobacco's harmful effects. The benefits of falling smoking rates are clear: people are healthier, rates of chronic diseases and premature deaths related to tobacco are dropping significantly, and there are economic savings. A reduction in tobacco consumption of just 2 % translates into annual healthcare savings of approximately EUR 506 million across the EU.

In 2017 the Commission closed infringement procedures against Belgium, Denmark, Greece, Cyprus, Lithuania, Poland, Romania and Slovenia as these Member States took measures to implement the Tobacco Products Directive into their national law in due time.

The right of patients to access safe and high-quality healthcare in other EU countries remains a priority for the Commission. In 2017 the Commission closely monitored the implementation of the Cross-border Healthcare Directive.

Enforcing the rules on mobility and transport



The Commission worked in 2017 to ensure a fair balance between the interests of social protection of road transport workers, fair competition and the freedom to provide transport services across borders.

The Commission proposed a clarification of how posting conditions apply to road transport, as well as of effective enforcement measures.

In 2017, the Commission requested Greece to fully apply EU rules on the rights of passengers travelling by sea. The Greek national legislation prevented passengers to fully benefit from the rights granted by the European Union legislation when their maritime passenger service is cancelled or delayed. As a result of the action brought by the Commission, the Greek authorities fully enshrined in national law the rights of passengers to assistance, re-routing or reimbursement in case of cancelled or delayed departure..

Road transport is the most widely used means of travel in the EU and a primary cause of accidents. Technical defects cause many accidents: more than five people die on Europe's roads every day in accidents linked to technical failure. Vehicle checks are therefore fundamental to road safety

In 2014 the EU adopted new rules to toughen up the testing regime and widen its scope. The roadworthiness package aims to prevent more than 36 000 accidents a year linked to technical failure by:

- improving the quality of vehicle tests (through common minimum standards for equipment, training of inspectors and assessment of deficiencies);
- extending checks on cargo securing during roadside inspections of goods vehicles;
- making electronic safety components (such as ABS, ESC and airbags) subject to mandatory testing;
- clamping down on mileage fraud through registered mileage readings.

As 24 Member States failed to implement the roadworthiness package on time, the Commission opened infringement proceedings against them.

In the railway sector, the Court of Justice confirmed that Member States have to ensure that the accounts of railway undertakings are kept in a way that allows for the monitoring of the prohibition to transfer public funds earmarked for the management of infrastructure to transport services. Member States are not obliged to keep separate accounts for each public service contract. The Commission will actively follow up on the implementation of the judgment.

In an important judgment, the Court of Justice clarified that the intermediation service provided by the electronic platform Uber, the purpose of which is to connect, by means of a smartphone application and for remuneration, non-professional drivers using their own vehicle with persons who wish to make urban journeys, must be classified as a "service in the field of transport". Consequently, it is for

Member States to regulate the conditions under which intermediation services such as UBER are to be provided in conformity with the general rules of the Treaty of the Functioning of the EU.

5. A deeper and fairer Economic and Monetary Union

A 'deeper and fairer Economic and Monetary Union' is a fundamental part of the Commission's response to the economic and financial crisis. This policy aims at strengthening the EU economy in a way that creates more jobs and improves people's living standards.

Enforcing the Economic and Monetary Union rules



The Economic and Monetary Union is at the core of the EU's integration process. Achieving an Economic and Monetary Union is not an end in itself but a means to provide stability and stronger, more sustainable and inclusive growth across the euro area and the EU as a whole in order to improve everyone's lives.

In response to the financial and economic crisis of 2008, a number of legal acts were adopted (the 2011 'Six-Pack' and the 2013 'Two Pack') to reinforce the EU's economic governance framework. In 2017 the Commission paid particular attention to the transposition of the Directive on requirements for budgetary frameworks of the Member States.

Moreover, the euro can only be a strong and trustworthy currency in the eyes of the public and businesses if it is adequately protected against counterfeiting. The Commission checked in 2017 how Member States were implementing the directive on the protection of the euro and other currencies against counterfeiting by criminal law.

The Commission launched infringement procedures against Bulgaria, Croatia, Luxembourg and Slovenia for failing to implement the Directive on the protection of the euro and other currencies

against counterfeiting in their national legislation on time.

Enforcing the Banking Union rules



With respect to the Banking Union, the Commission continued to check the implementation of the Capital Requirements Directive IV, the Deposit Guarantee Schemes Directive and the Bank Recovery and Resolution Directive. These EU instruments aim to ensure that banks are stronger and better supervised, and that problems can be resolved more easily without using taxpayers' money.

A strong Economic and Monetary Union and Banking Union also requires Member States to be vigilant in maintaining and respecting the independent and autonomous functioning of central banks. This independence allows them to contribute to and carry out the numerous tasks that EU law has given them in the field of monetary policy and banking supervision. The Commission therefore continues to pay attention to this issue.

In a pre-criminal investigation, the Slovenian authorities seized information, including ECB documents, from the Bank of Slovenia. In 2017 the Commission opened an infringement procedure against Slovenia over the incident, alleging violation by the public authorities of Protocol No 7 on the Privileges and Immunities of the EU. The importance of the case lies in the potential impact of seizures in central banks on their independence and autonomy in monetary policy and banking supervision. This needs to be balanced against the duty of loyal cooperation between central banks and public authorities in criminal investigations.

6. An area of justice and fundamental rights based on mutual trust

In the area of justice, the Commission ensures that the rule of law and the Charter of Fundamental Rights are respected. It also ensures the respect of specific rights, such as the right of free movement, data protection, gender equality, non-discrimination, victims' rights and the right to a fair trial in criminal proceedings. These topics are high on the Commission's agenda as they affect people's lives.

Under the European Semester exercise, the Commission continued to encourage Member States to improve the effectiveness of their enforcement capacities. This particularly concerns the independence, quality and efficiency of their national justice systems.

Upholding the rule of law and fundamental rights



In 2017 the Commission pursued its efforts to promote and uphold the respect of the rule of law across the EU. In particular, the Commission continued its dialogue with the Polish authorities under the Rule of Law framework.

The Commission acted decisively when political and legislative developments in some Member States threatened the EU's common foundations.

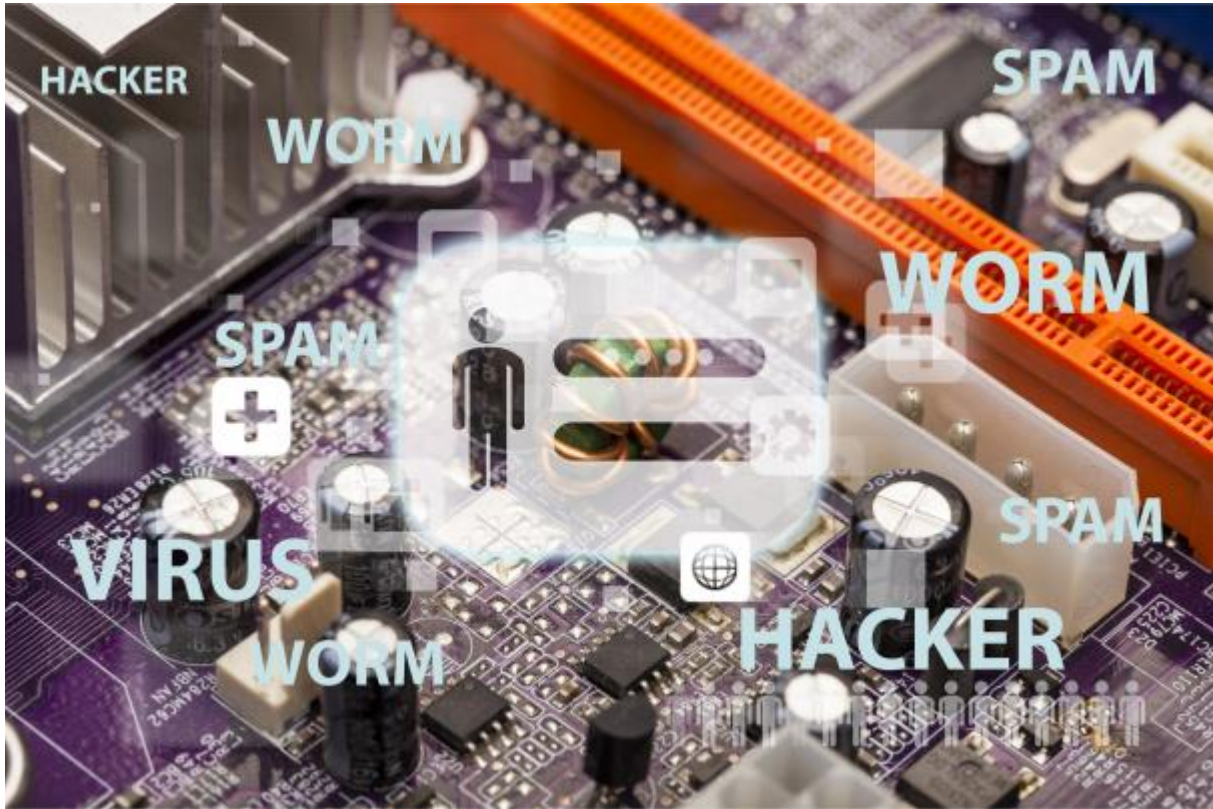
The Commission launched an infringement procedure against Poland for breaches of EU law in the Polish Law on the Ordinary Courts Organisation.

The Commission's key legal concern about this law relates to gender discrimination due to the introduction of different retirement ages for female judges (60 years) and male judges (65 years). This is contrary to Article 157 of the Treaty on the Functioning of the European Union (TFEU) and the Directive on gender equality in employment.

The Commission also raised concerns that the independence of Polish courts will be undermined by the fact that the Minister of Justice has been given discretionary power to prolong the mandate of judges who have reached retirement age.

The Commission launched an infringement procedure against Hungary over Hungarian laws which impose new registration, reporting and transparency obligations on foreign-funded civil society organisations. The procedure concerns the compatibility of the laws with the EU Treaty provisions on the free movement of capital, as well as with the right to freedom of association and the rights to protection of private life and personal data enshrined in the EU Charter of Fundamental Rights.

Improving data protection



Throughout 2017 the Commission supported the Member States in preparing to apply the [General Data Protection Regulation](#) from May 2018. The Regulation will introduce a single set of EU rules on data protection, reinforce the trust and security of individuals and establish uniform rules for business. The consistent application of these rules is essential.

The Commission also helped Member States to prepare for transposing the [Directive for police and criminal justice authorities concerning processing and free movement of personal data for the purposes of the prevention, investigation, detection or prosecution of criminal offences or the execution of criminal penalties](#). This Directive will ensure that the data of victims, witnesses and suspects of crimes are duly protected in the context of a criminal investigation or a law enforcement action. At the same time, more harmonised laws will also facilitate cross-border cooperation by police or prosecutors in combating crime and terrorism.

In January 2017 the Commission adopted a [Communication on international data flows](#). This sets out the Commission's policy for facilitating the growing international data transfers in the areas of trade and law enforcement, while ensuring a high level of data protection.

Combating discrimination



The Commission closely monitored the application of the Racial Equality Directive, in particular regarding the access of the Roma community to education and housing. This Directive is a key piece of EU legislation for combating discrimination on the grounds of racial or ethnic origin and giving effect to the principle of equal treatment.

In 2017 the Court of Justice of the EU took a further step in clarifying the EU rules applicable to non-discrimination at work. In two cases concerning women who were dismissed by their employers for wearing Islamic headscarves at work (Achbita and Bougnaoui), the Court struck a delicate balance between the freedom of religion, the freedom to conduct a business and the principle of non-discrimination.

The Court ruled that companies may ban employees from wearing visible religious symbols at work as part of a general policy of a company barring all religious and political symbols. A policy of political, philosophical and religious neutrality may constitute a legitimate objective that justifies a difference of treatment, provided that the means of achieving that aim are appropriate and necessary. The Court further clarified that customers cannot simply demand that workers remove headscarves if the company has no policy barring religious symbols.

Enforcing the rules in the area of security



In 2017 enforcement work continued in the context of the European Agenda on Security and the development of the Security Union. The implementation of the EU rules in this area is key to ensuring a high level of security throughout the EU. The regular progress reports on the Security Union refer to ongoing efforts to ensure the full and correct implementation of the rules.

In 2017 the Commission followed up on the infringement procedures launched in 2016 on police cooperation instruments belonging to the former 'third pillar'. It prioritised the enforcement of the Prüm Framework (an information-exchange tool that can offer automated comparison of DNA profiles, fingerprint data and vehicle registration data) and the 'Swedish initiative' (which enables law enforcement authorities to share information and intelligence effectively when conducting criminal investigations or criminal intelligence operations). The Commission did this by taking further steps in the infringement procedures opened against Greece, Ireland, Croatia, Italy and Luxembourg.

The Commission regularly reports to the European Parliament, the European Council and the Council of the EU on progress towards creating an effective and genuine Security Union. This includes the use of its enforcement tools in contributing towards consolidating the Security Union.

The directives on the European Investigation Order in criminal matters and the Fourth Anti-Money Laundering Directive are essential tools for effective cooperation in combating cross-border crime and terrorism. These directives contribute to the goals of the security agenda.

The Fourth Anti-Money Laundering Directive strengthens the existing rules and makes the fight against money laundering and terrorism financing more effective and more transparent.

In 2017, the Commission opened infringement procedures against 18 Member States for failing to implement the Fourth Anti-Money Laundering Directive in their national legislation on time. In December 2017 the Commission took further steps in the infringement procedures against Bulgaria, Greece, Cyprus, Luxembourg, Malta, Netherlands, Poland and Romania as they had not notified any transposition measures and their draft laws were still in the national legislative process.

The European Investigation Order simplifies the work of judicial authorities when they request evidence located in another EU country. For example, if French judicial authorities are tracking suspected terrorists hiding in Germany, they can ask the German authorities to interrogate witnesses or to conduct house searches on their behalf. This new tool will simplify and speed up cross-border criminal investigations and prosecutions.

In 2017, the Commission opened infringement procedures against 14 Member States for failing to implement the European Investigation Order Directive in their national legislation on time.

7. Towards a new policy on migration

The Commission's migration policy seeks to equip the EU with the tools to better manage migration in the medium and long term. It covers irregular migration, borders, asylum and legal migration.



In 2017 the Commission intensified work on delivering the European Agenda on Migration in order to tackle the immediate challenges of the ongoing migration and refugee crisis. The Commission focused on the implementation of the temporary emergency relocation scheme established in 2015 to alleviate the pressure on Italy and Greece. The regular reports on relocation and resettlement reminded all Member States of their legal obligations under the Council Decisions on relocation. The reports called on those Member States that had not yet relocated, or pledged to relocate, migrants from Greece and Italy to do so immediately.

The Council Decisions on relocation required Member States to pledge available places for relocation every 3 months to ensure a swift and orderly relocation procedure. Whereas all other Member States had relocated and pledged, Hungary had not taken any action at all since the relocation scheme started and Poland had not relocated anyone and had not pledged since December 2015. The Czech Republic had not relocated anyone since August 2016 and not made any new pledges for over a year. Given the persistent failure of the Czech Republic, Hungary and Poland to comply with their obligations under the Council Decisions on relocation, the Commission initiated [infringement procedures](#) against these three Member States.

The Commission continued to monitor the implementation of EU migration and asylum law, in particular the [Asylum Procedures Directive](#), the [Reception Conditions Directive](#) and the [Return Directive](#).

The Asylum Procedures Directive establishes rules on the process of claiming asylum. These include how to apply, how the application will be examined, what help the asylum seeker will be given, how to appeal and how to deal with repeated applications.

The Reception Conditions Directive aims to guarantee a dignified standard of living for asylum seekers in the EU and to ensure that their human rights are respected. It ensures that asylum seekers have access to housing, food, clothing, healthcare, education for minors and access to employment under certain conditions.

The Return Directive establishes common standards and procedures for EU countries, under which non-EU nationals staying illegally may be removed from their territories. It lays down provisions for terminating illegal stays and for detaining non-EU nationals with the aim of removing them, and provides procedural safeguards.

The Commission responded to concerns about amendments to Hungary's asylum and migration legislation introduced in March 2017. The concerns relate to the amendments' compliance with EU migration and asylum law, in particular the Asylum Procedures Directive, the Reception Conditions Directive and the Return Directive and several provisions of the Charter of Fundamental Rights. Following a series of exchanges with the Hungarian authorities at both political and technical level, the Commission took further steps in the [infringement procedure](#) against Hungary.

The Commission continued to monitor the correct implementation of the Eurodac Regulation, which requires Member States to take the fingerprints of irregular migrants and asylum applicants. The effective implementation of the Eurodac Regulation is essential for the functioning of the Dublin Regulation and of the EU relocation schemes for determining which EU country is responsible for examining an asylum application.

In 2017 the Commission took further steps in the [infringement procedure](#) against Croatia for failing to correctly fingerprint asylum seekers and irregular migrants apprehended after crossing an external border, and for failing to transmit these data to the central Eurodac database.

In the field of legal migration, it is a political priority to improve the EU's ability to attract and retain highly skilled workers. This is necessary to make the EU's economy more competitive and to cope with demographic challenges. It is therefore important to ensure the EU directives on legal migration are implemented fully and correctly. They establish common conditions for the admission and residence of non-EU nationals.

In 2017 the Commission launched infringement procedures against 17 Member States for failure to notify national measures implementing the [Directive on the conditions of entry and residence of third-country nationals in the framework of an intra-corporate transfer](#). Such non-EU citizens are often highly qualified individuals.

The Commission also continued to monitor the implementation of the other Directives and launched [infringement procedures](#) concerning, in particular, the disproportionate fees that Member States charge for issuing residence permits to non-EU nationals.

In 2017 the Commission closed infringement procedures against Bulgaria and Italy as they amended their national legislation to lower fees for issuing residence permits to third-country nationals