

EUROPEAN COUNCIL 26/27 JUNE 2014

STRATEGIC AGENDA FOR THE UNION IN TIMES OF CHANGE

The May 2014 European elections open a new legislative cycle. This moment of political renewal comes precisely as our countries emerge from years of economic crisis and as public disenchantment with politics has grown. It is the right time to set out what we want the Union to focus on and how we want it to function.

The European Council agreed today on five overarching priorities which will guide the work of the European Union over the next five years: stronger economies with more jobs; societies enabled to empower and protect; a secure energy and climate future; a trusted area of fundamental freedoms; effective joint action in the world.

Action in these fields is vital, given the important challenges awaiting our societies. Though the recovery in Europe is gaining pace, unemployment is still our highest concern – especially for young people – and inequalities are on the rise. Meanwhile the global economy is changing fast. In the digital age, the race for innovation, skills and markets forces all our countries to anticipate and adapt in order to thrive. Scarce natural resources, the cost of energy and impact of climate change are major challenges; Europe's current energy dependency is a vulnerability. Across the world, radicalisation and extremism are reasons for concern. Geopolitical stability at our very borders cannot be taken for granted. Demographic trends are challenging, with ageing populations putting additional pressure on our welfare systems and irregular migration flows requiring common answers and concerted action.

Against this backdrop, the first purpose of the Union's work over the coming years must be to equip our societies for the future and to foster confidence.

The countries of Europe are uniquely placed to shape change – both individually and collectively as a Union. Our diversity is an asset, our unity brings strength. In our Union, different degrees of cooperation and integration exist. Our enlargement policy continues to foster democracy and prosperity.

In line with the principles of subsidiarity and proportionality, the Union must concentrate its action on areas where it makes a real difference. It should refrain from taking action when member states can better achieve the same objectives. The credibility of the Union depends on its ability to ensure adequate follow-up on decisions and commitments. This requires strong and credible institutions, but will also benefit from closer involvement of national parliaments. Above all, the emphasis should be on concrete results – in the five following fields.

1. A Union of jobs, growth and competitiveness

Our countries are emerging from the deepest economic crisis in a generation. We see efforts and reforms producing results. Yet it is not going to be a return to the promises of yesteryear. Important challenges remain: slow growth, high unemployment, insufficient public and private investment, macroeconomic imbalances, public debt, and a lack of competitiveness. We respect the Stability and Growth Pact. All our economies need to continue to pursue structural reforms. Very clearly, our common strength hinges upon each and every country's success. That is why the Union needs bold steps to foster growth, increase investments, create more and better jobs and encourage reforms for competitiveness. This also requires making best use of the flexibility that is built into the existing Stability and Growth Pact rules.

The upcoming review of the EU2020 strategy will be a good occasion to bring it fully in line with this strategic agenda.

Therefore the priorities we set for the Union for the next five years are to:

- **fully exploit the potential of the single market in all its dimensions:** by completing the internal market in products and services; by completing the digital single market by 2015;
- **promote a climate of entrepreneurship and job creation,** not least for SMEs: by facilitating access to finance and investment; by ensuring more resilient financial regulation; by improving the functioning of labour markets and by shifting taxes away from labour; by reducing unnecessary administrative burdens and compliance costs in a targeted manner, respecting consumer and employees protection as well as health and environment concerns;

- **invest and prepare our economies for the future:** by addressing overdue investment needs in transport, energy and telecom infrastructure as well as in energy efficiency, innovation and research, skills, education and innovation; by making full use of EU structural funds; by mobilising the right mix of private and public funding and facilitating long-term investments; by using and developing financial instruments, such as those of the European Investment Bank, in particular for long-term projects; by providing the right regulatory framework for long-term investments;
- **reinforce the global attractiveness of the Union** as a place of production and investment with a strong and competitive industrial base and a thriving agriculture, and complete negotiations on international trade agreements, in a spirit of mutual and reciprocal benefit and transparency, including TTIP, by 2015;
- **make the Economic and Monetary Union a more solid and resilient factor of stability and growth:** with stronger euro area governance and stronger economic policy coordination, convergence and solidarity, while respecting the integrity of the internal market and preserving transparency and openness towards non-euro EU countries.

2. A Union that empowers and protects all citizens

Europeans have benefitted from the opportunities offered by integrated economies with open borders, but the advantages are not always immediately tangible to all. Many experience or fear poverty and social exclusion. The Union must keep doing what it is good at and continue to unlock opportunities, but it must also be perceived and experienced as a source of protection. People expect Europe to defend their interests and keep threats at bay, but also to respect their identities and sense of belonging. The Union must be stronger outside, more caring inside.

Therefore, while respecting the competences of member states, who are responsible for their welfare systems, the priorities we set for the Union in this field for the next five years are to:

- **help develop skills and unlock talents and life chances for all:** by stepping up the fight against youth unemployment, in particular for young people who have dropped out from education, employment or training; by promoting the right skills for the modern economy and life-long learning; by facilitating mobility of workers, especially in fields with persistent vacancies or skills mismatches; by protecting one of the Union's four fundamental freedoms, the right of all EU citizens to move freely and reside and work in other member states, including from possible misuse or fraudulent claims;
- **guarantee fairness:** by combatting tax evasion and tax fraud so that all contribute their fair share;
- **help ensure all our societies have their safety nets in place to accompany change and reverse inequalities,** with social protection systems that are efficient, fair and fit for the future; indeed, investing into human capital and the social fabric is also key to the long-term prosperity prospects for the European economy.

3. Towards an Energy Union with a forward-looking climate policy

Geopolitical events, the worldwide energy competition and the impact of climate change are triggering a rethink of our energy and climate strategy. We must avoid Europe relying to such a high extent on fuel and gas imports. To ensure our energy future is under full control, we want to build an Energy Union aiming at affordable, secure and sustainable energy. Energy efficiency is essential, since the cheapest and cleanest energy is that which is not consumed.

In light of this challenge, our energy and climate policies for the upcoming five years must focus on:

- **affordable energy** for companies and citizens: by moderating energy demand thanks to enhanced energy efficiency; by completing our integrated energy market; by finding ways to increase the Union's bargaining power; by increasing transparency on the gas market; by stimulating research, development and the industrial European base in the energy field;
- **secure energy** for all our countries: by speeding up the diversification of energy supply and routes, including through renewable, safe and sustainable and other indigenous energy sources, as a means to reduce energy dependency, notably on a single source or supplier; by developing the necessary infrastructure such as interconnections; by providing private and public actors with the right planning framework so they can take mid- to long-term investment decisions;
- **green energy**: by continuing to lead the fight against global warming ahead of the United Nations COP 2015 meeting in Paris and beyond, including by setting ambitious 2030 targets that are fully in line with the agreed EU objective for 2050.

4. A Union of freedom, security and justice

Citizens expect their governments to provide justice, protection and fairness with full respect for fundamental rights and the rule of law. This also requires joint European action, based on our fundamental values. Given their cross border dimensions, phenomena like terrorism and organised crime call for stronger EU cooperation. The same is true for justice matters, since citizens increasingly study, work, do business, get married and have children across the Union. Another challenge in the years ahead will be managing migration flows, which are on the rise due to instability and poverty in large parts of the world and demographic trends – a matter which requires solidarity and fair sharing of responsibility.

Therefore the priorities we set for the Union for the next five years are to:

- **better manage migration in all its aspects:** by addressing shortages of specific skills and attracting talent; by dealing more robustly with irregular migration, also through better cooperation with third countries, including on readmission; by protecting those in need through a strong asylum policy; with a strengthened, modern management of the Union's external borders;
- **prevent and combat crime and terrorism:** by cracking down on organised crime, such as human trafficking, smuggling and cybercrime; by tackling corruption; by fighting terrorism and countering radicalisation – while guaranteeing fundamental rights and values, including the protection of personal data;
- **improve judicial cooperation among our countries:** by building bridges between the different justice systems and traditions; by strengthening common tools, including Eurojust; by mutual recognition of judgments, so that citizens and companies can more easily exercise their rights across the Union.

5. The Union as a strong global actor

Recent events show how fast-shifting the strategic and geopolitical environment has become, not least at the Union's eastern and southern borders. Instability in our wider neighbourhood is at an all-time high. At the same time it has never been as important to engage our partners on issues of mutual or global interest. To defend our interests and values and to protect citizens, a stronger engagement of the European Union in world affairs is crucial.

The following foreign policy priorities will therefore be key in the years ahead:

- **maximise our clout:** by ensuring consistency between member states' and EU foreign policy goals and by improving coordination and coherence between the main fields of EU external action, such as trade, energy, justice and home affairs, development and economic policies;
- **be a strong partner in our neighbourhood:** by promoting stability, prosperity and democracy in the countries closest to our Union, on the European continent, in the Mediterranean, Africa and in the Middle East;
- **engage our global strategic partners,** in particular our transatlantic partners, on a wide range of issues – from trade and cyber security to human rights and conflict prevention, to non-proliferation and crisis management – bilaterally and in multilateral fora;
- **develop security and defence cooperation** so we can live up to our commitments and responsibilities across the world: by strengthening the Common Security and Defence Policy, in full complementarity with NATO; by ensuring that member states maintain and develop the necessary civilian and military capabilities, including through pooling and sharing; with a stronger European defence industry.