



European
Commission

STATE OF THE UNION 2017

LETTER OF INTENT TO
PRESIDENT ANTONIO TAJANI AND
TO PRIME MINISTER JÜRI RATAS

Strasbourg, 13 September 2017

Dear President Tajani,

Dear Prime Minister Ratas,

The past twelve months have been challenging for European citizens and for all of us. 2016 was in many ways an 'annus horribilis' for the European project. From the Brexit referendum, to the terrorist attacks, to slow growth and continued high unemployment in several of our Member States, to the ongoing migration crisis, Europe was challenged in many ways. Our European values and democracies were tested by awakening populist forces at home and abroad, in parallel to growing geopolitical uncertainty related to the United States' presidential elections.

Hard work and political leadership were required from the EU Institutions and from our Member States to keep the European project on course in these turbulent times. We want to thank both of you and the Members of your Institutions for having supported, with strong commitment, our positive agenda for a Europe that protects, empowers and defends, set out by the Commission President in the State of the Union Address of 14 September 2016. This agenda found an immediate supportive echo in the plenary of the European Parliament and was welcomed two days later by EU27 leaders at the Bratislava Summit. Together with you, we have delivered on this positive agenda, not least thanks to the Joint Declaration on the EU's legislative priorities for 2017, signed by the Presidents of the European Parliament, the Council and the European Commission on 13 December 2016. Our European Fund for Strategic Investments, backed by our common EU budget and supported by the work of the European Investment Bank, has already triggered more than €225 billion in investments. The European Border and Coast Guard is now in place and fully operational at the EU's external borders, be it in Greece, Bulgaria, Italy or Spain. We mobilised EU funding for training the Libyan Coast Guard and improving the living and working conditions of the more than 3 million Syrian refugees in Turkey. We successfully completed the work on a stronger anti-terrorism Directive and on more efficient rules to control the acquisition and possession of firearms. We sharpened our tools against tax avoidance. We took an unprecedented step towards creating a European Defence Fund and agreed for the first time to work in the format of a permanent structured cooperation in defence matters. Jointly, we brought about the provisional entry into force of a fair and balanced trade agreement with Canada, a like-minded partner when it comes to food and health standards and cultural diversity. And we paved the way for an ambitious, values-based economic partnership with Japan. Together, we brought the EU and Ukraine closer together with an Association Agreement which should, over time, bring stability and prosperity to our Eastern neighbours across the region. Despite significant opposition, we ratified and defended the Paris Agreement as the best instrument to manage climate change. Last but not least, we managed to abolish mobile roaming charges in June and to launch free access to Wi-Fi hotspots in squares, town halls, parks and libraries across Europe as of 2017. Half-way through our mandate, we are delivering faster and more efficiently on all ten priorities set out in our 2014 Political Guidelines, to the benefit of European citizens and businesses¹.

Europe is now visibly regaining its strength. Economic growth is gathering pace, at above 2% this year (2.2% for the euro area), and finally reaching every one of our Member States, while surpassing the growth rates of the United States and Japan over the last two years. Almost 8 million jobs were created during this mandate – not only, but also because of, the actions of the EU Institutions, notably thanks to our European Fund for Strategic Investments, our Youth Guarantee, our European Structural and Investment Funds and the monetary policy of the European Central Bank. Both economically and

¹ 'The European Commission at mid-term: State of play of President Juncker's ten priorities', Report by the European Parliament, 11 July 2017.

politically, Europe now has more wind in its sails. Recent elections in several Member States have created a new momentum for those who stand ready to defend our European values; for those who want to shape and harness globalisation and build a sustainable future; and for those who choose cooperation and integration over withdrawal and isolation.

We should now make use of this new momentum. The window of opportunity may not be open for long, and there is certainly no time for complacency, as Europe's challenges remain significant: from instability in our neighbourhood and terrorist threats to demographic, climate and technological change; from the need for sustainable investment and a more resilient Economic and Monetary Union to the growing call for more social fairness and democratic accountability. We will only be able to tackle these challenges if we are ready to work together to take decisions now that secure Europe's future for the medium and long term.

The Commission's White Paper of 1 March 2017 outlines five scenarios for the future of Europe by 2025 and has been followed up with a series of Reflection Papers on the most relevant issues for our future. This was the start of a welcome debate across Member States. The Commission alone organised 129 Citizens' Dialogues on the future of Europe in more than 80 cities and towns in 27 Member States, including with national Parliaments.

We believe the time has now come to move from reflection and debate to the first concrete proposals on the future of Europe.

*Today, we are sending you our intentions for the Commission Work Programme for the next sixteen months up to the end of 2018. As Europe looks to its future, we are presenting you with a **Roadmap for a More United, Stronger and More Democratic Union** to build on the current momentum. Our Roadmap is constructed in two parts. Firstly, we suggest actions and initiatives to be presented and/or completed over the next sixteen months, in line with scenario 1 of the White Paper and the Bratislava Agenda. Secondly, we suggest actions and initiatives which are more ambitious, more forward-looking and that will shape our Union until 2025; this combines scenarios 3, 4 and/or 5 of the White Paper, making full use of the untapped potential of the Lisbon Treaty.*

Our Roadmap is based on the following important principles: the imperative to respect our common European values, including the rule of law; the continued focus on delivery and enforcement of priority initiatives that have a clear European added value and make Europe a better place for its citizens, in line with our 2014 Political Guidelines and our common belief that our Union should be big on big issues and small on small ones; the need to treat citizens of all EU Member States equally and never to allow, within our Union, the emergence of second-class citizens; and a strong emphasis on efficiency, democracy and transparency in all our common actions.

The Roadmap also anticipates that as of 29 March 2019 the United Kingdom will no longer be a member of our Union, following its notification under Article 50 of the Treaty on European Union. Up until and beyond this moment, we want to preserve the unity of the EU27 that we have built up over the past months.

Roadmap for a More United, Stronger and More Democratic Union (Draft Commission Work Programme up to end 2018)

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

Initiatives to be launched and/or completed by end 2018

- ***** Swift adoption by the co-legislators of the 'EFSI 2.0' proposal and of the Omnibus proposal, notably the changes in the Common Provisions Regulation that simplify the use of European Structural and Investment Funds and facilitate their combination with the European Fund for Strategic Investments.**
- *2018 European Semester of economic policy coordination: delivering investment, sound public finances and structural reforms, while continuing to make use of the appropriate flexibility built into the Stability and Growth Pact and identified by the Commission since January 2015; integrating the new Social Scoreboard which accompanies the Commission Recommendation on the European Pillar of Social Rights.*
- *Delivery of all aspects of the European Skills Agenda, notably through the implementation of 'upskilling pathways' at national level, with the support of the European Social Fund, and with a particular attention given to basic skills and the need for digital skills.*
- *Circular Economy package to boost innovation, jobs and growth, including: a strategy on plastics working towards all plastic packaging on the EU market being recyclable by 2030; a proposal for a Regulation on Waste Water Reuse; a revision of the Drinking Water Directive; and a monitoring framework for the Circular Economy.*

Initiatives to be launched with a 2025 perspective

- ***** Comprehensive proposal for the future Multiannual Financial Framework beyond 2020 (planned for May 2018) followed by proposals for the next generation of programmes and new own resources.**
- *Reflection Paper 'Towards a Sustainable Europe by 2030' on the follow-up to the UN Sustainable Development Goals, including on the Paris Agreement on Climate Change.*

Priority 2: A connected Digital Single Market

Initiatives to be launched and/or completed by end 2018

- ***** Cyber-Security package setting out concrete measures to respond to the changed cyber-threats landscape including: a proposal to strengthen the Agency for Network and Information Security (ENISA); an implementation toolkit for the Network and Information Security Directive; a blueprint for effective response in case of cyber-attacks affecting several Member States; enhancing the Union's strategic autonomy by boosting research capacity and building effective cyber-defence, cyber-hygiene and the right skills both**

inside Europe and with partners worldwide, including NATO (concrete Commission proposals are presented together with the State of the Union Address today).

- ***** Data package unlocking the potential of the data economy by ensuring a free flow of non-personal data within Europe (a concrete Commission proposal is presented together with the State of the Union Address today).**
- ***** Initiative on online platforms to safeguard a fair, predictable, sustainable and trusted business environment in the online economy.**
- ***** Swift adoption by the co-legislators of all 14 legislative proposals aimed at completing the Digital Single Market, including: the telecoms package; the copyright package; geo-blocking; audio-visual and media frameworks; parcel delivery; e-Privacy Regulation; and EU rules on the protection of personal data when processed by EU Institutions and bodies.**
- Commission guidance to prepare citizens, business and public administrations for the direct application of the General Data Protection Regulation as of 25 May 2018, to be prepared in close consultation with the Article 29 Working Party/the new European Data Protection Board.
- Revision of the Commission guidelines on market analysis and the assessment of significant market power in the electronic communications sector.
- Initiative addressing the challenges which online platforms create for our democracies as regards the spreading of fake information.

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

Initiatives to be launched and/or completed by end 2018

- ***** Swift adoption by the co-legislators of the Commission proposals to implement the Energy Union and Climate Change policy, including: the Clean Energy for all Europeans package; the Climate package; and the Europe on the Move package.**
- ***** Mobility and Climate Change package, including legislative proposals on: clean vehicles; common rules for combined transport of goods; CO₂ standards for cars and vans; fuel-efficiency and CO₂ standards for lorries, buses and coaches; and an initiative to accelerate the delivery of the alternative fuels infrastructure.**
- Follow-up to the solidarity aspect of the Energy Union, including: a proposal on common rules for gas pipelines entering the European internal gas market; and swift implementation of the Projects of Common Interest necessary for the connection of the European energy markets.
- On the basis of a strong Council mandate (draft recommended by the Commission on 9 June 2017), engaging in negotiations with Russia on key principles for the operation of the Nord Stream 2 gas pipeline project.

Initiatives to be launched with a 2025 perspective

- *Communication on the future of EU energy and climate policy, including on the future of the Euratom Treaty (taking account of Declaration No 54 of five Member States added to the Final Act of the Lisbon Treaty) and on the possible use of Article 192(2), second subparagraph TFEU.*

Priority 4: A deeper and fairer Internal Market with a strengthened industrial base

Initiatives to be launched and/or completed by end 2018

- ***** A renewed EU Industrial Policy Strategy to foster industrial competitiveness, innovation and technological leadership for fair and good-quality jobs in industry and to make use of the potential of digital technologies across all industrial sectors (presented together with the State of the Union Address today).**
- ***** Swift adoption by the co-legislators of the services and the enforcement packages.**
- ***** Swift adoption by the co-legislators of the proposal for reinforced market surveillance for motor vehicles.**
- ***** Swift adoption by the co-legislators of the proposal on business insolvency, restructuring and second chance, to reduce the costs and complexity of business restructuring, to make sure that viable companies will be given a second chance and to increase legal certainty for cross-border investments in the EU.**
- *EU Company Law package making the best of digital solutions and providing efficient rules for cross-border operations whilst respecting national social and labour law prerogatives.*
- ***** Swift adoption by the co-legislators of the proposals re-launching the Common Consolidated Corporate Tax Base (CCCTB).**
- ***** Swift adoption by the co-legislators of the proposal to improve the value added tax (VAT) environment for e-commerce businesses in the EU and the proposal allowing equal rules for taxing e-books, e-newspapers and their printed equivalents.**
- ***** Swift adoption by the co-legislators of the proposals requiring multinational companies to publish key tax information on a country-by-country basis, establishing new transparency rules for tax planning intermediaries and a common EU list of non-cooperative tax jurisdictions on the basis of the scoreboard of indicators proposed by the Commission.**
- ***** Fair Taxation package for the creation of a single EU value added tax area (VAT), including: proposals to modify the VAT Directive regarding the definitive VAT system for cross-border trade within the Single Market; a proposal for a Council Regulation on combating fraud in the field of value added tax within the Single Market; a proposal for a Council Directive on the common system of value added tax as regards small enterprises; and a proposal for a Council Directive on the rules governing the setting of VAT rates.**
- ***** Proposal establishing rules at EU level allowing taxation of profits generated by multinationals through the digital economy.**

- ***** Swift adoption by the co-legislators of the proposals on the reform of the Posting of Workers Directive, establishing the principle of equal pay for equal work at the same place, and on the modernisation of the rules for the coordination of social security systems, ensuring amongst other things that, under the same circumstances, the same benefits are due for the same contributions paid.**
- ***** Proposal to establish a European Labour Authority to strengthen cooperation between labour market authorities at all levels and better manage cross-border situations, as well as further initiatives in support of fair mobility, such as a European Social Security Number.**
- Proposal for a revision of the Written Statement Directive to improve the transparency and legal predictability of employment contracts and an initiative on access to social protection for atypical self-employed workers.
- Swift adoption by the co-legislators of the proposal on work-life balance.
- ***** Swift adoption by the co-legislators of all Capital Markets Union proposals, including: the Pan-European Pension Product; the amendments to the European Market Infrastructure Regulation; and the recommendation from the European Central Bank to amend Article 22 of the ESCB/ECB Statute.**
- ***** Capital Markets Union package, including: the revision and reinforcement of the tasks, governance and financing of the EU Financial Supervisory Authorities; concrete steps towards a single European Capital Markets Supervisor and adjustments to the European Systemic Risk Board; a revised framework for investment firms; an Action Plan on sustainable finance with regulatory measures; an initiative on Financial Technology (FinTech); a European enabling framework for covered bonds; and amendments to the Alternative Investment Funds Managers Directive and to the Undertakings for Collective Investment in Transferable Securities (UCITS) Directive.**
- Food package, including a proposal on EU food supply chain as follow-up to the review of the EU Common Agricultural Policy.
- Joint Action Plan on national vaccination policies.

Initiatives to be launched with a 2025 perspective

- Communication on the possibility of further enhancing the use of qualified majority voting and of the ordinary legislative procedure in internal market matters, on the basis of Article 48(7) TEU.

Priority 5: A deeper and fairer Economic and Monetary Union

Initiatives to be launched and/or completed by end 2018

- ***** Economic and Monetary Union package, including proposals for: the transformation of the European Stability Mechanism into a European Monetary Fund; the creation of a dedicated euro area budget line within the EU budget providing for (1) structural reform assistance building on the Commission's structural reform support programme, (2) a stabilisation function, (3) a backstop for the Banking Union, and (4) a convergence**

instrument to give pre-accession assistance to Member States with a derogation on their way towards adoption of the single currency; and the integration of the substance of the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union into EU law, taking into account the appropriate flexibility built into the Stability and Growth Pact and identified by the Commission since January 2015.

- ***** Specifying, in the next recommendation on the economic policy of the euro area, a broadly neutral fiscal stance for the euro area, in support of the monetary policy of the European Central Bank as well as jobs, growth and investment in the euro area.**
- *Swift adoption by the Council of the Commission proposal for progressively establishing unified representation of the euro area in the International Monetary Fund.*
- ***** Proclamation by the EU Institutions of the European Pillar of Social Rights, as a deliverable of the Gothenburg Social Summit.**
- ***** Swift adoption by the co-legislators of all components of the package on risk reduction in the banking sector and the proposal for a European Deposit Insurance Scheme.**
- ***** Banking Union package, completing all aspects of the Banking Union, including: the finalisation of the backstop to the Single Resolution Fund; further measures to reduce the level of non-performing loans; and an enabling framework for the development of sovereign bond-backed securities to support further portfolio diversification in the banking sector.**

Initiatives to be launched with a 2025 perspective

- *Communication on the possible creation of a permanent European Minister of Economy and Finance (Article 2 of Protocol No 14) and its institutional implications.*
- *Exploratory work for the possible development of a euro area safe asset.*

Priority 6: Trade: A balanced and progressive trade policy to harness globalisation²

Initiatives to be launched and/or completed by end 2018

- ***** Trade package, including: a Communication on an upgraded, values-based, sustainable and transparent trade policy that helps harnessing globalisation and ensures a balanced approach on open and fair trade agreements; draft mandates for launching negotiations with Australia and New Zealand; a draft mandate for a new Multilateral Investment Court System; a European framework for the screening of foreign direct investment in the EU on grounds of public order and security (concrete Commission proposals are presented together with the State of the Union Address today).**
- ***** Swift adoption by the co-legislators of the proposals to modernise the EU trade defence instruments and amend its anti-dumping methodology, and the amended proposal concerning an International Procurement Instrument.**

² The title of Priority 6 has been updated and made geographically neutral in view of the slowing down of trade talks with the United States, the new geopolitical context and the new dynamism in trade talks with other important regions of the world. The Commission has reflected this new reality also by changing the name of its relevant Commissioners' Group into 'Commissioners' Group on Trade and Harnessing Globalisation'.

- Finalising agreements with Japan, Singapore and Vietnam.
- Pursuing negotiations with Mexico and Mercosur.

Priority 7: An area of Justice and Fundamental Rights based on mutual trust

Initiatives to be launched and/or completed by end 2018

- ***** Swift adoption by the co-legislators of proposals on anti-money laundering, the EU Entry/Exit System, the Schengen Information System (SIS II), the European Criminal Records Information System (ECRIS) and the European Travel Information and Authorisation System (ETIAS).**
- ***** Anti-Terrorism package, including: measures on countering radicalisation; measures to ensure the swift and proactive detection and removal of illegal content inciting hatred, violence and terrorism; actions to cut off access to the means used by terrorists to prepare and carry out attacks, such as dangerous substances or terrorist financing; guidance and support to Member States in protecting public areas; and guidance on data retention.**
- ***** Delivering on the European Agenda on Security, including: legislative proposals to allow interoperability between EU information systems for security, border and migration management; and a proposal to improve cross-border access of law enforcement authorities to electronic evidence.**
- Framework for adequacy decisions, notably an adequacy decision on data flows with Japan.
- ***** 'New Deal for Consumers' package, aiming at facilitating coordination and effective action from national consumer authorities at EU level and reinforcing public enforcement action and better protection of consumer rights.**
- Interpretative guidance for the application of the Directive on unfair commercial practices and of the Regulation on the provision of food information to consumers, to prevent and address dual quality standards for consumer products.

Initiatives to be launched with a 2025 perspective

- Communication on a possible extension of the tasks of the new European Public Prosecutor's Office to include the fight against terrorism, on the basis of Article 86(4) TFEU.
- Initiative to strengthen the enforcement of the Rule of Law in the European Union.

Priority 8: Towards a new policy on migration

Initiatives to be launched and/or completed by end 2018

- ***** Swift adoption by the co-legislators of the reformed Common European Asylum System based on both responsibility and solidarity and including proposals on: the reform of the Dublin system; the setting-up of a new Asylum Agency; the reform of Eurodac; the**

review of the reception conditions, the asylum qualifications and the asylum procedure; as well as the EU Resettlement framework.

- ***** Swift adoption by the co-legislators of the proposal on entry and residence of third-country nationals for the purpose of highly skilled employment ('Blue Card proposal').**
- ***** A new Migration Management package, including: the mid-term review of the European Agenda on Migration; targeted measures to promote a more effective approach to returns; the further promotion of legal pathways through the encouragement of new resettlement commitments; a reformed common visa policy; and the sustaining of EU solidarity towards those Member States confronted with exceptional migratory pressure.**
- *A package for strengthening the Schengen free travel area, including a proposal to update the Schengen Borders Code, and ensuring the full integration of Romania and Bulgaria into the Schengen area.*
- *Swift operationalisation of the External Investment Plan and implementation of the Migration Partnership Framework with key third countries of origin and transit.*

Priority 9: A stronger global actor

Initiatives to be launched and/or completed by end 2018

- ***** Swift adoption by the co-legislators of the European Defence Industrial Development Programme.**
- ***** Follow-up of the European Defence Action Plan, in particular with focus on implementation of the European Defence Fund including the financial toolbox.**
- *Draft mandate for the negotiations of a post-Cotonou framework.*

Initiatives to be launched with a 2025 perspective

- *Communication on the possibility of further enhancing the use of qualified majority voting in the Common Foreign Policy, on the basis of Article 31(3) TEU.*
- *Strategy for a successful EU accession of Serbia and Montenegro as frontrunner candidates in the Western Balkans, with a particular emphasis on the rule of law, fundamental rights and the fight against corruption and on the overall stability of the region.*

Priority 10: A Union of democratic change

Initiatives to be launched and/or completed by end 2018

- ***** Democracy package, including: a revision of the European Citizens' Initiative Regulation to make it more accessible, user-friendly and easier for organisers and supporters to use; and a proposal to enhance the European dimension and transparency of European Political Parties and Foundations (concrete Commission proposals are presented together with the State of the Union Address today).**

- Continuing the roll-out of the European Solidarity Corps involving all relevant players and swift agreement by the co-legislators on the legislative proposal by the end of the year.
- ***** Swift agreement by the co-legislators on the proposed amendments to the Comitology Regulation.**
- Continuing the White Paper debate on the future of Europe all the way to the June 2019 elections (debates, Citizens' Dialogues, interaction with national Parliaments, work with regions).

Initiatives to be launched with a 2025 perspective

- Communication on further enhancing subsidiarity, proportionality and better regulation in the daily operation of the European Union.
- Communication on options for enhancing efficiency at the helm of the European Union.

Today's Letter of Intent and our Roadmap for a More United, Stronger and More Democratic Union are the starting point for the interinstitutional dialogue on the preparation of the 2018 Commission Work Programme, under the Framework Agreement on relations between the European Parliament and the Commission and the Interinstitutional Agreement on Better Law-making. We are strongly committed to this important interaction with the European Parliament and the Council, as well as with national Parliaments. We believe that our exchanges will provide a solid basis for a political and focused Commission Work Programme for the decisive sixteen months to come.

In the weeks to come we will consult the European Parliament and its relevant committees as well as the Council and the Committee of Permanent Representatives (COREPER I and II). Throughout the next sixteen months, the Commission will continue to make sure that our legislation remains fit for purpose and evidence-based and that unnecessary burdens are removed, including by taking forward the work of the REFIT Platform. We will pay particular attention to the adoption and implementation of pending proposals in the coming year. As the Commission's White Paper underlines, we need to close the gap between promise and delivery if we want to make the European project more credible and attractive. This is why we are looking forward to agreeing with you a new Joint Declaration on the EU's legislative priorities for 2018, building on the positive experience this year.

2017 and 2018 can become years of hope and renewal for Europe if we deliver strongly on our common agenda and show to our citizens that the European Union is there to protect, empower and defend them. The current geopolitical context makes such a Union more necessary than ever before. As EU leaders rightly said when they met in Rome on the occasion of the 60th anniversary of the Rome Treaties: We are 'firm in the belief that Europe's future lies in our own hands and that the European Union is the best instrument to achieve our objectives'. Let us therefore seize the moment and work even harder than before to meet the concerns of our citizens. The time to act is now.

Jean-Claude Juncker

Frans Timmermans

