

STRATEGIC AGENDA FOR THE UNION IN TIMES OF CHANGE
Statement by the European Council's Heads of State or Government

In May 2014 European citizens elected a new European Parliament, opening 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 European politics has spread. It is the right time to set out what we want the Union to focus on and how we want its institutions to function in the years ahead.

A number of important challenges await 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. The race for innovation, skills and markets means all our countries have to anticipate and adapt in order to thrive. Global competition is heightened by scarce natural resources, high energy prices and the impact of climate change; Europe's energy dependency is currently a vulnerability. Across the world, radicalisation and extremism feed instability. Demographic trends are challenging, with ageing societies putting pressure on our welfare systems, shrinking workforces pushing Europe to up its game in the global contest for talent, and irregular migration flows requiring a common answer.

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. We are not short of opportunities. In order to accomplish what people in Europe expect, our joint action must concentrate where it makes the biggest difference. In line with the principles of subsidiarity and proportionality, the Union should only act when together we can achieve more than individual countries on their own. It should show self-restraint in exercising its competences when member states can better achieve the same objectives. The credibility of the Union depends on its ability to ensure that its institutions follow up on decisions and live up to commitments. Effective dialogue with national parliaments contributes to the success of European policies in our countries. All this requires political focus and guidance around set priorities. Above all, the emphasis should be on concrete results.

In this overall spirit the European Council, as the Union's strategic agenda-setting body, today charts the course for the next five years, with five overarching priorities: stronger economies with more jobs; societies enabled to empower and protect; a secure energy future; a trusted area of fundamental freedoms; more effective joint action in the world.

1. A Union of jobs, growth and competitiveness

Our countries are emerging from the deepest economic crisis in a generation. We see 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, public debt, a lack of competitiveness, and imbalances within the euro area. 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, building on recent consolidation efforts and the existing Stability and Growth Pact's rules and a full use of their built-in flexibility, the Union needs bold steps to step up investments, create jobs and encourage reforms for competitiveness. European policies need to take into consideration the international competitiveness of European industry.

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

- **fully exploit the potential of the single market:** by making it easier for companies to tap its opportunities; by regaining momentum in digital products and services and completing the digital single market by 2015;
- **promote a climate of entrepreneurship and job creation,** not least for SMEs: by improving access to finance and investment; by improving the functioning of labour markets and shifting taxes away from labour; by reducing unnecessary administrative burdens and compliance costs;
- **invest and prepare our economies for the future:** by addressing overdue investment needs in transport, energy and telecom infrastructure of EU significance as well as in energy efficiency, innovation and research, skills and innovation; by mobilising to that end the right mix of private and public funding and facilitating long-term investments through the immediate mobilisation of existing financial instruments and the development of new financial capacities; by encouraging innovation and research;
- **reinforce the global attractiveness of the Union** as a place of production and investment with a strong industrial base, and complete negotiations on international trade agreements, in a spirit of mutual and reciprocal benefit, including TTIP, by 2015;
- continue the work to **make the Economic and Monetary Union a solid and resilient factor of stability and growth:** with stronger governance and stronger economic policy coordination and solidarity, enabling us to prevent problematic developments in member states from affecting others. The integrity of the single market and openness towards non-euro EU countries should be preserved.

2. A Union that empowers and protects 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 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 member states' competencies, 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;
- **guarantee fairness and preserve trust:** by protecting the achievement of free movement of EU citizens from frauds and abuses which, though limited, affect trust in member states' welfare systems and hinder citizens whose mobility contributes positively to thriving economies; by cracking down on tax evasion and tax fraud to make sure all citizens contribute their fair share to public spending, through intensified cooperation within the Union and with outside partners against any remaining loopholes;
- **help ensure all our societies have 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

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 green energy. Energy efficiency is essential, since the cheapest and cleanest energy is that which is not consumed.

In light of this challenge, the Union's 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 truly completing our integrated energy market; by finding ways to increase the Union's collective bargaining power; 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, notably through renewable and other indigenous energy sources, as a means to reduce energy dependency, including on Russian gas; 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 both fully in line with the agreed EU objective for 2050 and achievable in a cost-effective manner.

4. A Union of freedom, security and justice

Citizens expect their governments to provide a strong sense of justice, protection and fairness. 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 is to deal efficiently with migration flows, that are on the rise due to instability and poverty in large parts of the world and demographic trends – a matter which requires solidarity and responsibility, and also modern management of the Union's external borders.

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

- **better manage migration in all its aspects**: by increasing the attractiveness of Europe for non-Europeans with specific skills; by dealing more robustly with irregular migration, also through better cooperation with third countries; by protecting those in need through a strong asylum policy; with a strengthened management of the Union's external borders;
- **prevent and combat crime and terrorism**: by cracking down on organised crime, such as human trafficking; 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 a simpler 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 global 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 consistency 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 neighbourhoods:** by concentrating efforts on promoting stability, prosperity and democracy in the countries closest to our Union, on the European continent, in Africa and in the Middle East;
- **engage our global strategic 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;
- **invest in 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; 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.