



# The EU in 2015



# On the cover

1		10	11	17	18
		12	13	19	
2	3	14		20	21
4		15		22	23
6	7	16		24	
8	9				

1. The High Representative/Commission Vice-President and the Iranian Minister for Foreign Affairs discuss Iran's nuclear programme. (© European Union)
2. The Competition Commissioner announces antitrust inquiries concerning Google. (© European Union)
3. Hungarian soldiers build a fence at the border with Croatia. (© Associated Press)
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5. The Financial Services Commissioner chairs the opening ceremony of the London Stock Exchange. (© European Union)
6. Demonstrators outside the Greek parliament on the night of the referendum. (© Associated Press)
7. EU, German, Greek and French leaders discuss the state finances of Greece. (© European Union)
8. The Commission President and Spanish, French and Portuguese leaders announce improved connections between the Iberian peninsula and the rest of the EU energy market. (© European Union)
9. EU, Estonian, Lithuanian, Latvian and Polish leaders announce the gas interconnector between Poland and Lithuania. (© European Union)
10. A Triton search and rescue operation in the Mediterranean Sea. (© Frontex)
11. The UK Prime Minister discusses his proposals for renegotiating the United Kingdom's relationship with the EU. (© Associated Press)
12. The European Council meets in Brussels. (© European Union)
13. European dairy farmers protest in Brussels. (© Associated Press)
14. EU, Greek, French and Belgian leaders in discussion at the Euro Summit. (© European Union)
15. The Presidents of the Parliament and the Commission at the leaders' meeting on the western Balkans route. (© European Union)
16. Refugees arriving in Greece. (© European Union)
17. World leaders at the G7 Summit. (© European Union)
18. The Eurogroup President addresses the press. (© European Union)
19. Emergency services evacuate the injured after shootings in the Bataclan concert hall in Paris, France. (© Associated Press)
20. The European Council President addresses the press. (© European Union)
21. The signing of the European Fund for Strategic Investments agreement. (© European Union)
22. A minute's silence in Place de la République, Paris, France, following the November terrorist attacks. (© AFP)
23. Protestors demonstrate against the Transatlantic Trade and Investment Partnership. (© Associated Press)
24. EU and Ukrainian leaders at the 17th EU-Ukraine Summit. (© European Union)

# The EU in 2015

GENERAL REPORT ON THE ACTIVITIES OF THE EUROPEAN UNION



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**The EU in 2015 — General Report on the Activities of the European Union**

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# Contents

## **FOREWORD 6**

### CHAPTER 1

## **A NEW BOOST FOR JOBS, GROWTH AND INVESTMENT 9**

The investment plan for Europe	10
Economic and fiscal policy	13
Supporting Member States	14
Regional policy in support of jobs, growth and investment	16
Research and innovation	17
Unlocking the growth potential of agriculture and oceans	19
An EU budget focused on results	20

### CHAPTER 2

## **A CONNECTED DIGITAL SINGLE MARKET 21**

The digital single market strategy	22
Better access to goods and services	22
Creating the right conditions	24
Maximising growth potential	27

### CHAPTER 3

## **A RESILIENT ENERGY UNION WITH A FORWARD-LOOKING CLIMATE CHANGE POLICY 28**

Energy union: secure, sustainable, competitive and affordable energy for every EU resident	29
Transforming the EU's energy system	31
An interconnected energy market	32

## CHAPTER 4

**A DEEPER AND FAIRER INTERNAL MARKET WITH A STRENGTHENED INDUSTRIAL BASE 36**

The single market strategy	37
Single market integration	37
Capital markets union	37
Rendering public procurement more transparent and competitive	38
Facilitating workers' mobility	39
Protecting intellectual property	39
Fairer competition	40
The aviation strategy	40
Taxation	41

## CHAPTER 5

**A DEEPER AND FAIRER ECONOMIC AND MONETARY UNION 43**

The development of economic and monetary union	44
The five presidents' report	45
Banking union	47
The social dimension of economic and monetary union	49

## CHAPTER 6

**A REASONABLE AND BALANCED FREE TRADE AGREEMENT WITH THE UNITED STATES 51**

The Transatlantic Trade and Investment Partnership as a motor for jobs and growth	52
What the EU negotiated	53
How the negotiations were conducted	54
World trade in general	56

## CHAPTER 7

**AN AREA OF JUSTICE AND FUNDAMENTAL RIGHTS BASED ON MUTUAL TRUST 57**

A European agenda on security	58
Criminal justice	58
Fundamental rights and judicial systems	60
The Cooperation and Verification Mechanism for Romania and Bulgaria	61
Justice for growth	61
The free movement of persons	62
Protecting fundamental rights and consumer rights	62
Gender equality	64

## CHAPTER 8

**TOWARDS A NEW POLICY ON MIGRATION** **65**

The European agenda on migration 66

## CHAPTER 9

**A STRONGER GLOBAL ACTOR** **74**

European neighbourhood policy 75

Strategic partnerships 78

The Middle East 79

The EU–Africa partnership 79

Human rights in the world 80

The European Year for Development 81

Responding to humanitarian crises and emergencies 81

Security and defence 83

## CHAPTER 10

**A UNION OF DEMOCRATIC CHANGE** **84**The European Parliament at the centre  
of EU political life 85

New presidents for the EU's two advisory bodies 86

Better regulation 86

Monitoring the application of EU law 87

Transparency and accountability 88

Review of the decision-making process for the authorisation  
of genetically modified organisms in Member States

The European citizens' initiative 90

Citizens' dialogues 90

# Foreword



Jean-Claude Juncker, President of the European Commission, gives his State of the Union address for 2015 in the European Parliament, Strasbourg, 9 September 2015.

At the beginning of my mandate in November 2014 I promised a new start for Europe and that this Commission would focus on 10 political priorities — the key challenges faced by our economy and society. As it turned out, the first year of our mandate, 2015, was a year when the world closely watched the EU and how it dealt with a series of crises.

Horrifying terrorist attacks took place in Paris in January and November. Together with the Member States we needed to reduce the risk of such brutal attacks becoming a recurring phenomenon. The European agenda on security, which was adopted in April, set out how the EU contributes to a more effective and coordinated approach to fighting terrorism, organised crime and cybercrime. Within the framework of the agenda the European Commission put forward a set of measures in December to step up the fight against terrorism and the illegal trafficking of firearms and explosives. Member States also found agreement on the Commission's proposal for an EU passenger name record system. This will ensure air carriers provide EU Member States with data on passengers entering or departing from the EU — an important part of EU security policy.

In parallel, in 2015 our continent witnessed the greatest mass movement of people seen since the Second World War, as hundreds of thousands of refugees from conflict zones began to arrive in Europe. Over 1 million people took the long and dangerous journey, the vast majority fleeing from war and terror in Afghanistan, Eritrea, Libya and Syria.

Earlier this year the Commission put forward a comprehensive migration policy and took immediate steps to manage the crisis. We tripled our presence in the Mediterranean Sea, helping to save lives. We fought back against the criminal networks of smugglers and traffickers. Under the Commission's leadership Member States agreed rules to relocate and resettle hundreds of thousands of people in clear need of international protection. The EU agencies

continue to help the often overburdened national authorities in the most affected Member States to identify, screen and fingerprint incoming migrants, speed up the processing of asylum seekers and coordinate the return of those who do not qualify for protection. The EU also mobilised billions of euros to help the refugees who had already arrived on our shores, as well as those in neighbouring countries, while efforts to tackle smugglers and dismantle human-trafficking groups were redoubled. In October in Brussels 11 countries agreed a 17-point plan to achieve the gradual, controlled and orderly movement of persons along the western Balkans route, while in November in Valletta an EU Emergency Trust Fund for Africa was launched to address the root causes of irregular migration that force people to escape and migrate: poverty, wars, persecutions, violations of human rights and natural disasters.

It is clear that the refugee crisis will not simply go away. While the crisis put the spotlight on immediate needs it also revealed much about the limitations of EU migration policy and the tools at its disposal. Nevertheless, we must and we will continue our efforts to tackle the crisis. We Europeans should remember well that Europe is a continent where nearly everyone has at one time been a refugee. Our common history is marked by millions of Europeans fleeing from religious or political persecution, from war, dictatorship or oppression.

Earlier this year we experienced a difficult period during which Greece's continued membership of the euro area was in question. After months of talks and many difficult moments a new stability support programme for Greece was finally agreed in August. I never doubted we would find a solution; adopting the euro is an irrevocable decision, and all members stand together to make it work. As the impact of the Greek crisis continues to be felt in the euro area and throughout the European economy and society, I would, however, like to see the programme we agreed respected by every Greek government, past, present and future.

The crisis will be over when full employment returns to Europe. Today over 23 million people are unemployed in the European Union. This is an unacceptably high number. There is a clear need to invest in Europe's sources of jobs and growth, notably in our single market, and to complete our economic and monetary union to create the conditions for a lasting recovery. We have acted on both fronts.

For example, the €315 billion investment plan is now up and running, and should generate more than 2 million jobs. The first projects have already been launched and many more will follow. At the same time we are upgrading our single market to create more opportunities for people and businesses in all 28 Member States. Thanks to projects such as the digital single market, capital markets union and energy union we are reducing obstacles to cross-border activities while stimulating innovation, connecting talents and offering a wider choice of products and services.

In June I presented, together with the presidents of other key EU institutions, a report on the completion of our economic and monetary union. The five presidents involved agreed a roadmap that should allow us to stabilise the euro area by early 2017 and then, on the basis of a renewed convergence of our economies, move from crisis resilience to new growth perspectives. This was a bold political decision to look ahead amidst the Greek crisis.

The European Union and its Member States were pivotal in brokering the historic agreement in Paris in December, where 195 countries adopted

the first ever universal, legally binding global climate deal. The agreement sets out a global action plan to avoid dangerous climate change by limiting global warming to well below 2 °C. It will steer the world towards a global clean energy transition and is a success for the European Union. Europe has long been the global leader in climate action; the Paris agreement now reflects our ambition worldwide.

There is much more to be said, and more detail is provided in the report, but in touching upon the main challenges that have confronted us over the last 12 months I am struck by one inescapable conclusion, and that is that when faced with the refugee crisis, the economic crisis or foreign policy challenges there is only one way to succeed: solidarity. We can only succeed as a Union. Collectively we are stronger than the challenges that confront us. It is time we had a little more faith in Europe's ability to provide collective solutions to problems felt acutely and independently by each Member State.

At the end of a difficult year, during which the very nature of the European Union has been called into question, it is important that we Europeans remember that it is Europe that represents a haven of stability in the eyes of people in the Middle East, in Africa and elsewhere in the world. That is something to be proud of.



Jean-Claude Juncker

## CHAPTER 1

'My first priority as Commission President will be to strengthen Europe's competitiveness and to stimulate investment for the purpose of job creation.'

*Jean-Claude Juncker, political guidelines, 15 July 2014*



# A new boost for jobs, growth and investment

A top priority in 2015 was to get the EU growing again and increase the number of jobs and the amount of investment without creating new debt. The Commission came forward with proposals for structural reforms and advocated the responsible management of finances. In order to restore investment levels in the EU's economy it launched the investment plan for Europe, including new financial instruments, in cooperation with the European Investment Bank. The plan was agreed in record time by the European Parliament and the Council of the European Union, and a new European Fund for Strategic Investments was created. The fund contains an initial €21 billion of EU money, and is expected to lead to

investments 15 times larger thanks to a multiplier effect, thus triggering investments of more than €315 billion.

The European Structural and Investment Funds, with a budget of €454 billion for 2014-2020, invested in EU priority areas throughout the year. Operational programmes under the European Social Fund, worth €86.4 billion, continued to invest in people, while the EU also frontloaded €1 billion to speed up the youth employment initiative, helping young people find jobs.

Intense negotiations were held at EU level regarding the ongoing economic and financial situation in Greece. In July the Commission launched a jobs and growth

plan for Greece, mobilising up to €35 billion to support it until 2020. Then, in August, the negotiations were successfully concluded and an agreement on the third economic adjustment programme for Greece was signed by the Commission, acting on behalf of the European Stability Mechanism. The agreement pulled Greece back from the brink of default and safeguarded its future in the euro area. It paved the way for mobilising up to €86 billion in financial assistance until 2018, linked to progress by Greece in delivering the agreed reforms.

## The investment plan for Europe

An integrated approach to economic policy is built around three main pillars: boosting investment, accelerating structural reforms and pursuing fiscal responsibility. All three must act together for the EU to get back on track for growth. In 2015 the EU made progress on all three fronts.

### THE INVESTMENT PLAN COMPLETES THE VIRTUOUS TRIANGLE FOR ECONOMIC GROWTH

Focus areas include:

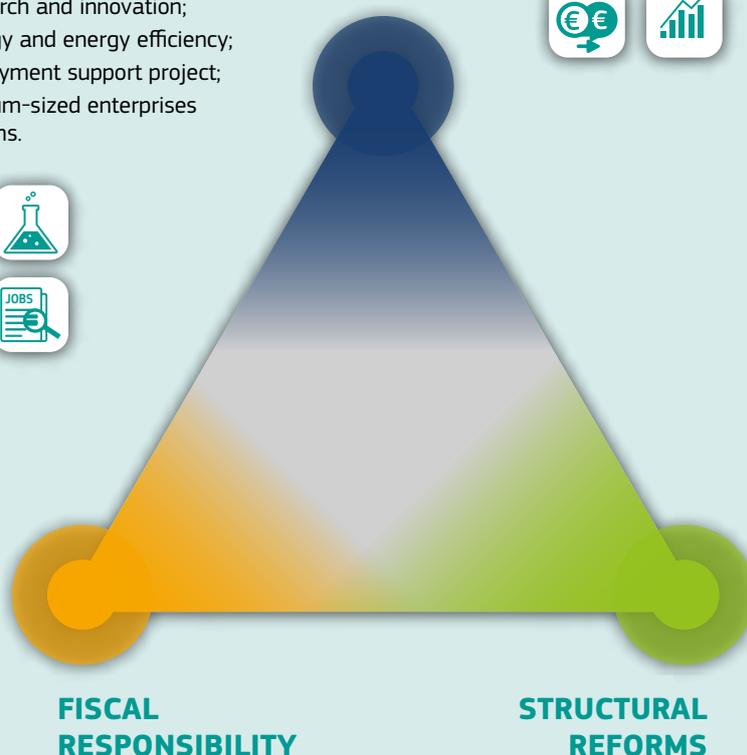
- broadband, energy and transport networks;
- education, research and innovation;
- renewable energy and energy efficiency;
- the youth employment support project;
- small and medium-sized enterprises and mid-cap firms.



Public money as a catalyst for private investment



INVESTMENT



Source: European Commission.

The investment plan consists of three mutually reinforcing strands, as detailed below.

- ▶ Mobilising at least €315 billion in additional investment over the next 3 years, maximising the impact of public resources and unlocking private investment. The main instrument for achieving this objective is the European Fund for Strategic Investments.
- ▶ Making sure this extra investment reaches the real economy. The main instruments for accomplishing this are the European Investment Advisory Hub and the European Investment Project Portal.
- ▶ Improving the investment environment, both at EU level and at the level of individual Member States. Work is underway to address barriers with an EU and single market dimension, as well as regulatory and non-regulatory investment challenges at national level.



Commissioner Carlos Moedas, Commission Vice-President Kristalina Georgieva and Commission Vice-President Jyrki Katainen announce the successful conclusion of negotiations on creating a European Fund for Strategic Investments, Brussels, 28 May 2015.

In November 2014 the Commission announced the establishment of a new European Fund for Strategic Investments. The Parliament worked intensively throughout the first months of 2015 to analyse the Commission's proposals and suggest improvements. In a trilogue meeting at the end of May the Parliament and the Council reached a compromise agreement on the proposed regulation. The trilogue negotiations were concluded in record time, enabling the fund to already start lending money for projects in June.

The European Fund for Strategic Investments provides guarantees in support of projects financed by the European Investment Bank Group. It has two main focuses: infrastructure and innovation (managed by the European Investment Bank) and small and medium-sized enterprises (managed by the European Investment Bank and the European Investment Fund). Loans can also be made to regions. The fund is accompanied by a [European Investment Advisory Hub](#) and a [European Investment Project Portal](#). The hub supports the development and financing of investment projects, offering a single point of contact for guidance and advice and providing a platform to exchange know-how. It started its activities to support project promoters in September. The portal is a secure, publicly available web portal where EU-based projects can promote themselves to potential investors. It will be launched in 2016.

During the year Commission Vice-President Jyrki Katainen launched an EU-wide roadshow to promote the investment plan for Europe, explaining the new opportunities open to all key stakeholders (governments, investors, businesses, regional authorities, trade unions and communities).

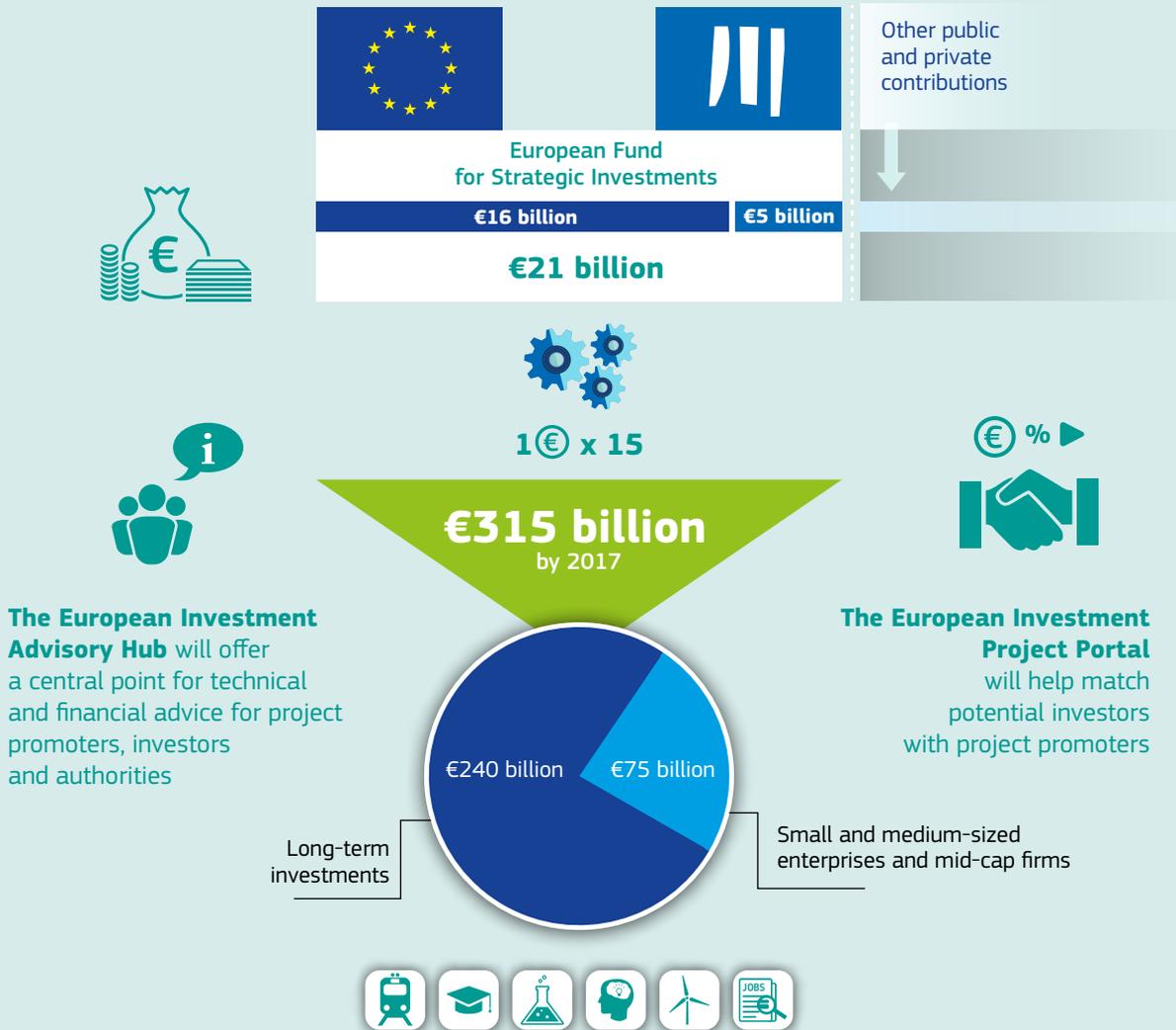
All 28 Member States endorsed the European Fund for Strategic Investments. In 2015, nine Member States pledged to contribute more than €40 billion to the fund, and China also indicated its intention to contribute.

Investment backed by the fund is targeted at developing infrastructure (broadband, energy networks and transport); education, research and innovation; renewable energy and energy efficiency; the environment and resource efficiency; social infrastructure and health; and supporting small businesses.

Werner Hoyer, President of the European Investment Bank, Jean-Claude Juncker, President of the European Commission, and Commission Vice-President Jyrki Katainen at the signing of the European Fund for Strategic Investments agreement, Brussels, 22 July 2015.



### HOW DOES THE INVESTMENT PLAN WORK?



Source: European Commission.

### FROM INVESTMENT TO JOB CREATION



Source: European Commission.

As part of the third pillar of the investment plan the Commission has started to address a number of barriers to investment with an EU and single market dimension. This is happening through several work streams: as part of the ongoing work on capital markets union (e.g. the changes in the solvency II directive); the single market strategy (e.g. public procurement); the digital single market; energy union; the better regulation agenda; and other policy initiatives. Addressing regulatory and non-regulatory investment challenges at national level will also be a priority of the 2016 European semester. In the context of the European semester the Commission has started a dialogue with Member States on the identification of bottlenecks and the priority actions to remove them. In order to achieve the ambitious objectives of the third pillar, propose concrete reforms to the Member States and accompany implementation all services of the Commission (including the Structural Reform Support Service) will be involved in working hand in hand with the Member States.

By January 2016 the fund had already enabled €2.8 billion in financing across a total of 21 projects in the infrastructure and innovation category, which is expected to trigger around €13.3 billion in total investment. In the small and medium-sized enterprises category the fund enabled €1.5 billion in financing across a total of 66 projects, which is expected to trigger around €21 billion in total investment.



Commission Vice-President Jyrki Katainen explains the new EU strategic investment plan.

## Economic and fiscal policy

In addition to investments the EU's economies require sound fiscal management and structural reforms to get back on track.

Economic policy coordination in the EU is organised annually in a cycle known as the European semester. Beginning with the annual growth survey for 2015, published at the end of 2014, the Commission set out policy priorities for the EU and its Member States. The semester followed three mutually reinforcing themes: boosting investment, accelerating structural reforms and pursuing fiscal responsibility. In 2015, enhancements to the European semester economic policy cycle simplified the Commission's outputs and reduced the reporting requirements for Member States. The enhancements also made the process more open and multilateral. The flexibility within the rules of the Stability and Growth Pact was clarified to strengthen the positive link between structural reforms, investment and fiscal responsibility. Country-specific recommendations for each Member State, as well as for the euro area as a whole, were proposed by the Commission in May and endorsed by the June European Council. In July the Council adopted the final set of country-specific recommendations.

In February, as part of the European semester, the Commission issued in-depth reviews assessing macroeconomic imbalances and excessive imbalances in 16 Member States. Some high risks still remained in certain Member States. The Commission therefore renewed its call to address barriers to growth by stepping up structural reforms and investment in the modernisation and development of

infrastructure. These should be coupled with an appropriate mix of policies in the euro area to boost confidence, contribute to rebalancing and put the recovery on a more stable footing.

## Supporting Member States

In 2015, together with the European Central Bank and the International Monetary Fund, the Commission continued to provide support for the Member States that had recently completed financial assistance programmes ([Ireland](#), [Spain](#) and [Portugal](#)). It conducted post-programme surveillance reviews for all three. These Member States are now growing again and consolidating their economies. In addition the Commission continued its support programme for [Cyprus](#) to address the financial, fiscal and structural challenges facing the economy. This will allow Cyprus to return to a sustainable growth path.

The ongoing economic and financial situation in Greece drew worldwide attention for many months in 2015. The EU hosted a series of emergency meetings throughout the summer, during which Greece was on the brink of both default and not being able to continue in the euro area.

(Clockwise from bottom left) François Hollande, President of France, Angela Merkel, Chancellor of Germany, Jeroen Dijsselbloem, President of the Eurogroup, Jean-Claude Juncker, President of the European Commission, Alexis Tsipras, Prime Minister of Greece, Donald Tusk, President of the European Council, Uwe Corsepius, Secretary-General of the Council of the European Union, and Mario Draghi, President of the European Central Bank, discuss the state finances of Greece, Brussels, 19 March 2015.



Agreement was finally reached in August, enabling the Commission, acting on behalf of the European Stability Mechanism, to put in place a third economic adjustment programme for Greece. With the approval of the Eurogroup and the Board of Governors of the [European Stability Mechanism](#) the programme helped to stabilise the economic and financial situation in Greece. The Commission's [social impact assessment](#) concluded that, if implemented fully and in a timely manner, the programme will help the Member State return to stability and growth in a financially and socially sustainable way. The agreement paved the way for the mobilisation of up to €86 billion in financial assistance to Greece until 2018. In July the Commission launched a jobs and growth plan for Greece, mobilising up to €35 billion in additional support until 2020.



Alexis Tsipras, Prime Minister of Greece, in discussion with Mario Draghi, President of the European Central Bank, at the Euro Summit, Brussels, 7 July 2015.

The Commission also proposed measures to ensure that cohesion policy funding can be effectively used for investments and that it rapidly reaches beneficiaries. This led to immediate additional funding for Greece of some €500 million and savings for the Greek budget of around €2 billion. An additional €1 billion of pre-financing for the 2014-2020 programmes can be used for the launch of new projects and will ease the strain on Greece's public budget.

Alexis Tsipras, Prime Minister of Greece, Jean-Claude Juncker, President of the European Commission, François Hollande, President of France, and Charles Michel, Prime Minister of Belgium, at the Euro Summit, Brussels, 12 July 2015.



### Investing in people

To keep its competitive edge in a global economy the EU needs a highly skilled and adaptable workforce. This requires continuous investment in education and training, which will fuel its growth and innovation in the long term, boost employment and help prevent social exclusion.

Reforms to improve education and training featured prominently in the European semester and were identified as a high priority in [13 Member States](#).

The European Social Fund is the main EU instrument for investing in people. By the end of 2015 the Commission had adopted all the operational programmes, worth a total of €86.4 billion. The

## YOUNG PEOPLE (15-24 YEARS OLD) NOT IN EMPLOYMENT, EDUCATION OR TRAINING IN 2014

(percentage of the total population of the same age group and sex)



Source: Eurostat, labour force survey.

Commission significantly increased the pre-financing rate for funding from the [youth employment initiative](#), providing around €1 billion to national and regional authorities. This will support up to 650 000 young people not in employment, education or training. For 2014–2020 at least 10 million unemployed people are expected to improve their chances of finding employment and 395 000 small and medium-sized enterprises are expected to receive funding to invest in people. Over 25% of the money available will be allocated to promoting social inclusion and combating poverty and discrimination.

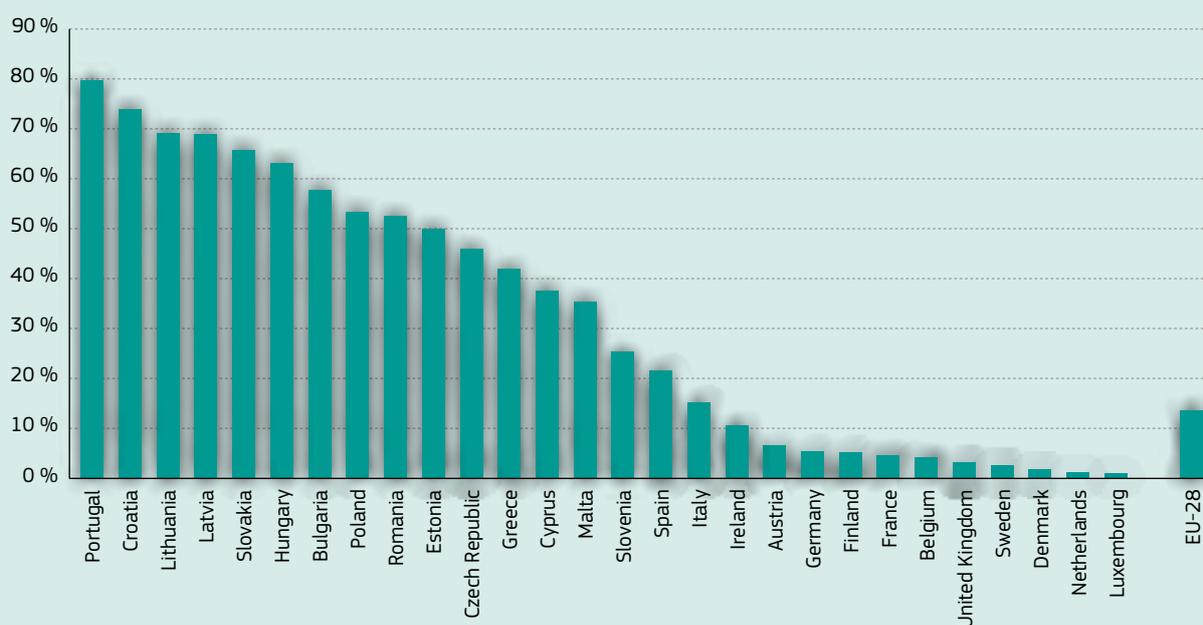
Erasmus+ is the EU programme for education, training, youth and sport. In 2015 it enabled around 520 000 young people to study, train, volunteer and participate in youth exchanges abroad. It also enabled around 165 000 staff members of educational institutions and youth organisations to improve their competencies by teaching and training abroad.

Given the high levels of long-term unemployment, affecting an estimated 12 million EU citizens of working age, the Commission [proposed](#) policy guidance in 2015. This will help increase transitions to employment and ensure that all jobseekers receive a job integration agreement before they reach 18 months of unemployment. The Commission's recommendation was adopted by the Council in December.

## Regional policy in support of jobs, growth and investment

Regional policy targets all regions and cities in the EU. It supports job creation, business competitiveness, economic growth, sustainable development and the improvement of citizens' quality of life. To reach these goals and address the diverse development needs in all EU regions €351.8 billion — almost a third of the total EU budget — has been set aside for cohesion policy for 2014–2020. Regional policy remains the largest source of EU funds for regions, localities and enterprises.

### PROPORTION OF FUNDING FROM THE EUROPEAN STRUCTURAL AND INVESTMENT FUNDS IN PUBLIC INVESTMENT 2014-2016



Source: European Commission.



Commissioner Corina Crețu visits a construction site in Prague, Czech Republic, 31 March 2015.

### Regional policy and the Europe 2020 strategy

Regional policy complements EU policies, including those dealing with education, employment, energy, the environment, the single market, research and innovation. In particular, regional policy provides the investment framework to meet the goals of the [Europe 2020 strategy](#). More than €120 billion is to be provided for investment in transport networks, energy and environmental infrastructure. This will benefit small and medium-sized enterprises by improving transport links and addressing environmental sustainability in the wider economy.

As part of the investment plan for Europe the allocations from the European Structural and Investment Funds for 2014-2020 will be double those for the 2007-2013 period. They will reach €23 billion by using financial instruments such as loans, equity and guarantees rather than traditional grants. This will improve access to finance for small and medium-sized enterprises. The money will be used for research, development and innovation, as well as for investments in energy efficiency and renewable energy.

After an intense period of negotiations with Member States nearly all of the 2014-2020 programmes were adopted in 2015. Implementation started for most of them. The 2007-2013 programmes continued to be implemented throughout the year. Overall, Member States received financial allocations amounting to €50.7 billion during the year.

## Research and innovation

Research and innovation help to tackle challenges like climate change, energy and public health. This is why [Horizon 2020](#), the EU's biggest ever research and innovation programme, is investing €77 billion in research and innovation. Further private and public investment will also be attracted thanks to the programme. The first [results](#), published in July, showed that Horizon 2020 is on the right track.



Commissioner Carlos Moedas at the launch of the Science Roadshow at the University of Coimbra, Portugal, 5 November 2015.

In October a new [Horizon 2020 work programme was adopted](#), investing almost €16 billion in research and innovation in the next 2 years.

By funding research and innovation on this unprecedented scale Horizon 2020 addresses three challenges: bringing innovations to market (open innovation), making research more participative (open science) and opening science to the world.

The European Fund for Strategic Investments has already started [adding firepower to Horizon 2020](#), in particular its support for innovative small and medium-sized enterprises. The fund has also helped satisfy extraordinary demand for support from [InnovFin](#) — EU Finance for Innovators — a joint initiative launched by the Commission and the European Investment Bank under Horizon 2020.

In the space sector the goal of the EU is to foster the internal market for space-based applications and support the development of EU industry. Galileo satellites were successfully launched in March, September and December. Galileo is the EU programme to develop a global satellite navigation system that can be used for products such as in-car navigation devices and mobile phones. A [second Copernicus satellite](#) was launched in June, which will help tackle environmental disasters, improve land use for agriculture and forestry and respond to emergency situations.

Commissioner Elżbieta Bieńkowska addresses the press following the successful launch of two Galileo satellites, Brussels, 31 March 2015.



### Connecting Europe

The Connecting Europe Facility is a multiannual funding programme set up to finance improvements in the EU's transport, energy and digital networks, with an overall budget of over €30 billion covering the three sectors for the 2014-2020 period.

In July the Commission adopted a list of 276 projects, which amount to €13.1 billion in EU funding, leading to additional public and private co-financing of €28.8 billion. The new call for proposals for a total of €7.6 billion was announced in November, with a February 2016 application deadline for Member States.

### Investing for a greener future

*The European environment: state and outlook 2015 — Synthesis report*, published in March by the European Environment Agency, demonstrated that protecting the environment is a solid economic investment. Green industries grew by more than 50% in the EU between 2000 and 2011, and jobs in environmental goods and services increased from 2.9 to 4.3 million between 2000 and 2012. They even showed continuous growth during the recession years.

In February the Commission and the European Investment Bank launched a new [Natural Capital Financing Facility](#) to mobilise public money in order to generate new private investment in nature and climate adaptation.

In December the Commission proposed a comprehensive [circular-economy package](#). The package is intended to encourage EU businesses and consumers to switch to a more circular economic model in

which resources are used in a more sustainable way. The proposed actions will ‘close the loop’ of product lifecycles through a focus on ecodesign, better information for consumers, increased recycling and more reuse. The transition will be supported financially by funding from the European Fund for Strategic Investments, €650 million from Horizon 2020, €5.5 billion from Structural Funds for waste management and investments in the circular economy at national level.



Werner Hoyer, President of the European Investment Bank, and Commissioner Karmenu Vella at the European Investment Bank conference on ‘Financing the Circular Economy’, Luxembourg, 10 December 2015.

## Unlocking the growth potential of agriculture and oceans

Agriculture, forestry, fisheries and aquaculture, together with the bio-based industries, are integral parts of the EU’s economy and society. These sectors produce and process biological resources to satisfy the demand of consumers and a wide range of industries for food, feed, bio-energy and bio-based products. They enhance the EU’s self-reliance and provide jobs and business opportunities that are essential for rural, coastal and marine areas.



Commissioner Phil Hogan visits the Royal Highland Show, Edinburgh, United Kingdom, 18 June 2015.

The EU’s common agricultural policy supports investment, knowledge and access to finance for agri-food, agri-technologies and infrastructure. During the 2014-2020 period the 118 [rural development programmes](#) will contribute around €80 billion to modernise and develop the food and farm sector. Almost €43 billion of this sum will be private-capital injection. Moreover, the rural development programmes are expected to support business development for 66 000 rural small and medium-sized enterprises outside of agriculture. They will fund 3.7 million training places for farmers and other rural entrepreneurs and provide start-up grants for more than 160 000 young farmers. Infrastructure investments will improve access to information and communication technologies, including broadband, for nearly 18 million people in rural areas. At the same time, direct payments and market instruments will provide stability to farm revenues. This is important for the EU’s food sector, its largest employer, which provides 47 million jobs and 7% of the EU’s gross domestic product.

Commissioner Tibor Navracsics and European Parliament Vice-President Mairead McGuinness visit the Universal Exhibition, Milan, Italy, 8 May 2015.



The Universal Exhibition, Expo 2015, the theme of which was 'Feeding the planet, energy for life', was held in Milan, Italy. Over 21 million people visited the Expo from 1 May to 31 October. The EU pavilion was very popular with visitors.

## An EU budget focused on results

At a time of increasing pressure on finances it is more important than ever to get the most out of every euro of taxpayers' money. In September the Commission launched the 'EU budget focused on results' initiative to ensure that EU resources are put to good use for the benefit of citizens and that all EU-funded projects demonstrate clear benefits and value for money.

The goal is to invest the EU budget according to the Commission's policy priorities, such as stimulating growth, jobs and competitiveness and responding swiftly and effectively to emergencies. A [database and map](#) of successful projects funded by the EU budget is available on the Commission's website.

## CHAPTER 2

'We must make much better use of the great opportunities offered by digital technologies, which know no borders. To do so, we will need to have the courage to break down national silos in telecoms regulation, in copyright and data protection legislation, in the management of radio waves and in the application of competition law.'

*Jean-Claude Juncker, political guidelines, 15 July 2014*



# A connected digital single market

In 2015 the Commission began to implement its strategy for connecting the digital single market. The strategy aims to remove online barriers that lead to EU citizens missing out on goods and services. The barriers also mean that internet companies and start-ups cannot take full advantage of growth opportunities online.

In May the Commission took the first steps in implementing the strategy, which aims to transform the EU from 28 national markets to a [digital single market](#), create hundreds of thousands of new jobs and contribute €415 billion per year to the EU economy.

The EU institutions reached a landmark agreement in

December to finally end [mobile roaming charges](#) in June 2017, provided that certain legal acts are adopted. From that date citizens will be able to travel throughout the EU without paying extra charges for using their mobile phone, smartphone or tablet. They also agreed to guarantee an [open internet](#) for all. The first legislative proposals of the digital single market strategy were presented in December. They included [new rules](#) to give EU residents the right to enjoy the films, sports broadcasts, music, e-books and games that they have paid for in their home Member State when they travel in the EU. The Commission also proposed [new cross-border contract rules](#) to better protect consumers who

shop online across the EU and help businesses expand their online sales.

Political agreement was reached on a new [EU data protection regime](#), and on new rules to ensure a high common level of [network and information security](#) across the EU.

## The digital single market strategy

The digital single market strategy is built on three pillars:

- ▶ better access for consumers and businesses to digital content and services across the EU;
- ▶ creating the right conditions and a level playing field for digital networks and innovative services to flourish;
- ▶ maximising the growth potential of the digital economy.



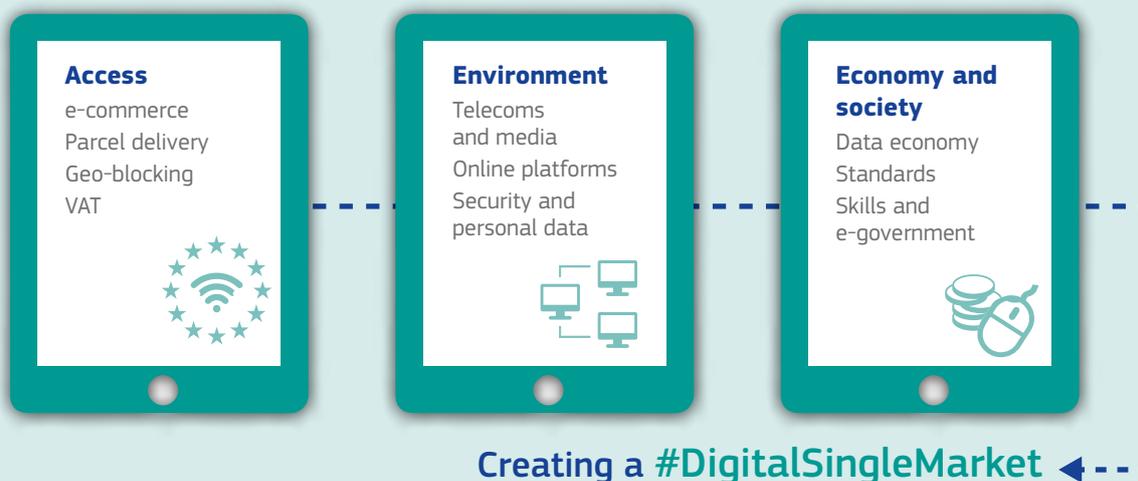
Commission Vice-President Andrus Ansip discusses the digital single market strategy during a citizens' dialogue in Berlin, Germany, 10 December 2015.

## Better access to goods and services

### Facilitating e-commerce

Most citizens who have tried to buy products online across borders will have experienced problems with regard to differing prices or the unavailability of products. The Commission is pursuing an

### MORE INTEGRATED NETWORKS, PRODUCTS AND SERVICES



update of the EU rules that govern cross-border online trade. Its aim is to make buying and selling across borders easier, giving consumers a wider range of rights and offers and helping businesses to sell more easily to other Member States. In 2015 the Commission began drafting rules to better protect consumers who purchase digitally across borders. It will also address potential barriers erected by companies to cross-border online trade in goods and services. It will particularly focus on sectors where e-commerce is most widespread, such as electronics, clothing and shoes, and digital content. The process began with the launch of an [antitrust competition inquiry into the e-commerce sector](#) in May.

During the year the Commission continued its support for consumers' rights in the digital marketplace. In December it outlined [harmonised rules on certain aspects of contracts for the supply of digital content \(e.g. streaming music\) and on certain aspects of contracts for online and other distance sales of goods \(e.g. buying clothes online\)](#). The two proposals will help overcome legal fragmentation in the area of consumer contract law and the resulting high costs for businesses, especially small and medium-sized enterprises. They will also help improve consumer trust when buying from another Member State. Consumers will benefit from a higher level of consumer protection and a wider choice of products at more competitive prices. Businesses will be able to supply digital content and sell goods to consumers throughout the EU based on the same set of contract rules.

#### Simplifying VAT rules for cross-border e-commerce

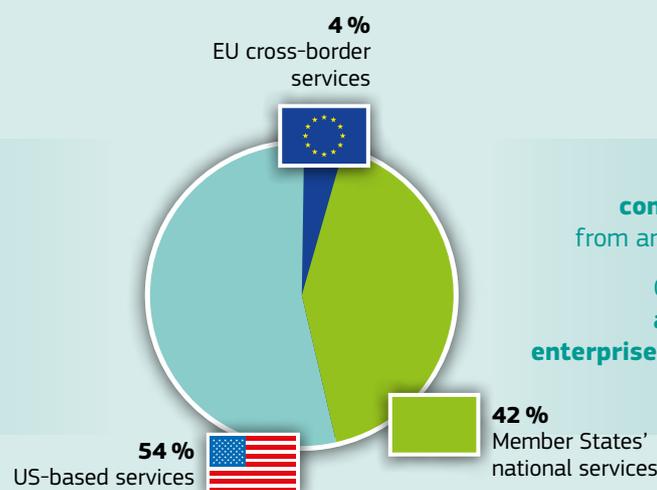
As things stand today, selling across borders in the EU can mean, for each company, over €5 000 in value added tax compliance costs per extra Member State per year. The Commission wants to provide a level playing field for EU companies and ensure that value added tax revenues flow to the Member State where the consumer is based. In September the Commission launched a [public consultation](#) to help identify ways to simplify payments on cross-border e-commerce transactions in the EU.

#### Improving cross-border parcel delivery

Parcel delivery costs are not just an issue for consumers who buy online. Companies that sell their products digitally also complain that delivery costs are a problem. The Commission is promoting [affordable, high-quality, cross-border delivery services](#) through the digital single market strategy, so that businesses can bring their products to consumers in a way that benefits all those involved in the transaction. To find out exactly what citizens and businesses need and want the Commission launched a [consultation](#) on this issue in May.

### E-COMMERCE: HUGE POTENTIAL BUT LARGELY UNUSED AT EU LEVEL

**315 million**  
people living  
in the EU  
use the internet  
every day



Only **15%** of  
**consumers** shop online  
from another Member State

Only **7%** of **small**  
**and medium-sized**  
**enterprises** sell across borders

### Tackling geo-blocking

Many citizens who shop online have fallen victim to geo-blocking, the commercial practice whereby online sellers either deny consumers access to a website based on their location or reroute them to a local store with different prices. For example, a car rental customer in one Member State may end up paying more for an identical car rental than customers from another Member State. In September the Commission launched a [public consultation](#) to understand the needs of consumers, in order to help it draft legislative proposals to end this practice, if unjustified.

### Modernising copyright law

Today, EU residents travelling within the European Union may be cut off from online services providing films, sports broadcasts, music, e-books and games that they have paid for in their home Member State. For example, when a Dutch subscriber to a popular online provider of film and TV series travels to Germany they can only watch the films that company offers to its German consumers. If they visit Poland they are not able to watch films from that provider at all, since the provider does not currently operate in Poland. In December the Commission proposed new rules to allow EU residents to travel with the digital content they have purchased or subscribed to at home. Cross-border portability, a new EU right for consumers, is expected to be a reality in 2017. This is the first part of the Commission's plan to modernise EU copyright rules to respond to new technologies, consumer behaviour and market conditions. The Commission also presented an [action plan](#) outlining legislative proposals and policy initiatives that will follow in the first half of 2016. The Commission wants to make sure that EU residents can access a wide legal offer of content while ensuring that authors and other rights holders are better protected and fairly remunerated.

### Reviewing the satellite and cable directive

Terrestrial television broadcasters have long been overtaken by satellite and cable providers, many of whom have more content to offer to consumers. But are citizens getting the most out of these providers? Do barriers related to outdated copyright laws still prevent citizens from accessing new and creative digital content? In an attempt to define where and how satellite and cable TV providers should clear copyright and thus provide a wider range of EU-wide content, the Commission began a formal review of EU rules. A [consultation](#) on the [satellite and cable directive](#), launched in August, asked whether the rules are up to date and what the impact would be of extending them to cover TV and radio provided over the internet. The aim is to enhance cross-border access to broadcasting and related online services across the EU. Removing barriers in the digital single market will reward creators and creativity and strengthen the EU's broadcasting sector while giving consumers access to a wider variety of content across borders.

## Creating the right conditions

### Strengthening trust in online services

As consumers move more of their lives to digital channels they are still not confident about how companies handle their personal data. [This is a concern for 72% of internet users in the EU](#). Addressing the worries of EU citizens and working to provide more security and confidence online, the Parliament and the Council endorsed new [EU data protection rules](#), which were [first proposed by the Commission in 2012](#). The rules, agreed in late 2015, include:

- ▶ a single set of rules on data protection, valid across the EU, saving businesses around €2.3 billion a year;
- ▶ strengthened and additional rights, such as the right to be forgotten;
- ▶ EU rules on EU soil — companies based outside the European Union will have to apply the EU's rules when offering services in the EU;

- ▶ more powers for independent national data protection authorities, who will be able to effectively fine companies that violate EU data protection rules;
- ▶ a 'one-stop shop' for businesses and citizens — companies will only have to deal with one single supervisory authority, not 28.



The announcement of the EU's digital single market.

The Parliament and the Council also agreed on [new rules](#) to ensure a high common level of network and information security across the EU. This is a major element of the [EU's cybersecurity strategy](#) — all Member States will be required to adopt a national cybersecurity strategy. Specific obligations will apply to providers of essential services in sectors such as energy, transport, banking and healthcare, and to companies offering digital services such as search engines, cloud computing and online marketplaces. They will be obliged to take appropriate security measures and report cyber incidents that have a major impact to the national authorities.

Under the digital single market strategy the Commission is also working in partnership with industry on technologies and solutions for online network security.



Commissioner Günther Oettinger at 'Startup Europe Comes to Silicon Valley', bringing the best new EU tech start-ups and scale-ups to meet Silicon Valley stakeholders, San Francisco, United States, 23 September 2015.

### Ending roaming in 2017

In October the Parliament and the Council [agreed to end roaming charges in the EU](#) and approved rules protecting the right of every EU citizen to access internet content without discrimination.

It is planned that roaming charges will come to an end in June 2017, provided that [certain legal acts](#) are adopted, allowing users of mobile phones, smartphones and tablets, when travelling in the EU, to pay the same price as at home, with no extra charges. In the meantime the maximum surcharge that users will pay will be capped, from 30 April 2016, at €0.05 per minute for voice calls made, €0.02 for each SMS sent and €0.05 per megabyte of data. Since 2007 the EU has already achieved roaming price reductions of over 80% across calls, SMSs and data.

## ROAMING WHEN TRAVELLING IN THE EU

As of 15 June 2017\*, no extra charges

As of 30 April 2016 you will pay domestic prices + a maximum of  
(prices in euros, excluding VAT)



€0.05 Voice calls made  
(per minute)



€0.02 SMSs sent



€0.05 Data (per MB)



#roaming

\* Provided that certain legal acts are adopted.

Source: European Commission.

The rules agreed in October will also enshrine the principle of [net neutrality](#) into EU law. Users will be free to access the content of their choice and will no longer be unfairly blocked or slowed down, and paid prioritisation will not be allowed. These new rules will enter into force across all Member States on 30 April 2016.

### A media and telecoms framework for the 21st century

The audiovisual sector is changing with new technologies, new business models, on-demand services and new ways to watch, such as on a smartphone. In July the Commission launched a [public consultation](#) on how to make the EU's audiovisual media landscape fit for purpose in the digital age. Based on the results of the consultation the Commission will examine, in 2016, whether the [audiovisual media services directive](#) should be adapted and updated.

Feedback from two other [public consultations held in 2015](#) will also help the Commission to update the EU telecoms rulebook and identify the internet speeds and quality that respondents believe will be needed beyond 2020. The Commission's strategy for the digital single market aims to improve digital connectivity in the EU, especially in rural areas. Only 18% of rural areas are covered by high-speed, fibre-based broadband networks, compared to 62% of urban areas. During the 2014-2020 period the Commission will invest €2 billion from rural development programmes to improve information and communication technologies services for nearly 18 million rural inhabitants. Under this broad theme the European Regional Development Fund will invest €13.3 billion to enhance access to digital technologies and networks throughout the EU. In addition the Connecting Europe Facility has €150 million allocated to broadband infrastructure, through which the Commission and the European Investment Bank can finance loans, project bonds and guarantees for project financing in the area of telecoms. Overall the broadband part of the Connecting Europe Facility is expected to mobilise around €1 billion in investment.

### Online platforms

[Online platforms](#) (search engines, social media, knowledge- and video-sharing websites, app stores, etc.) are an important part of a thriving digital economy. They benefit both consumers and suppliers by allowing market participants to exploit the advantages of digitisation and e-commerce. They have also changed the way in which cultural content is distributed. The results of a [consultation](#), launched in September, will feed into an assessment of the role of platforms and intermediaries, including on how to tackle illegal content on the internet.

## Maximising growth potential

### Unlocking the benefits of e-services and advancing digital skills

The Commission's digital single market strategy supports an inclusive digital society in which citizens have the right skills to seize the opportunities provided by the internet and boost their chances of getting a job. In 2015 [four new national coalitions for digital skills and jobs](#) were launched, in Belgium, Cyprus, the Netherlands and the United Kingdom. There are now [13 national partnerships](#) inspired by the [EU's Grand Coalition for Digital Jobs](#), launched in 2013 to overcome the digital skills deficit in the EU.

E-government uses digital tools and systems to provide better public services to citizens and businesses. It enables citizens, enterprises and organisations to carry out their business with government more easily, more quickly and at lower cost. If introduced across the EU annual savings could exceed €50 billion. In December the Parliament and the Council approved the [Commission's plans for the ISA<sup>2</sup> programme](#). ISA<sup>2</sup> will provide €131 million to develop interoperable digital solutions to ensure seamless electronic cross-border or cross-sector interaction between EU public administrations.

Digital technologies touch all parts of our daily lives. All new cars will be equipped with eCall technology from April 2018 thanks to [legislation adopted by the Parliament and the Council in April](#). In the event of a serious accident eCall automatically dials 112, Europe's single emergency number. It communicates the vehicle's exact location, the time of the incident and the direction of travel (most important on motorways) to emergency services, even if the driver is unconscious or unable to make a phone call. The Commission estimates that, once the system is fully implemented, eCall could save hundreds of lives every year and help injured people more quickly.

### Developing standards

Standards are important tools for making different systems work together. They can boost innovation and reinforce the competitiveness of EU industry. In September the Commission [asked for views on priorities for standards](#) in areas like cloud computing, cybersecurity, e-health, intelligent transport, smart cities and 5G communications. 5G is the next generation of communication networks. It will not only be faster, it will also be the backbone of our digital future and the foundation of a trillion-euro EU market in the [internet of things](#). The internet of things is a term used to describe new functionalities and applications ranging from connected cars to smart homes. By 2020 there will be more than 30 times as much mobile internet traffic as there was in 2010. 5G will be the technology best equipped to deal with this new reality. In 2015 the EU signed landmark agreements with [China](#) and [Japan](#) to work together in the global race to develop 5G networks.

### Making the most of the data economy and cloud computing

Huge amounts of data are created by people or generated mechanically. 'Big data' can be a catalyst for growth, innovation and digitisation. Before taking steps in this field the Commission launched a [public consultation](#) in September to seek input for initiatives to promote the free movement of data in the EU and to tackle restrictions on data access and where data is located. The consultation also addresses how best to facilitate the certification of cloud services, the switching of cloud service providers and the creation of a 'research cloud'. These technologies will be at the heart of the EU industry of the future. The EU institutions themselves are also committed to using cloud computing. In December [the Commission selected a number of companies](#) that will provide a range of cloud-based IT services for all EU institutions in 2016.

'Current geopolitical events have forcefully reminded us that Europe relies too heavily on fuel and gas imports. I therefore want to reform and reorganise Europe's energy policy into a new European energy union.'

*Jean-Claude Juncker, political guidelines, 15 July 2014*



# A resilient energy union with a forward-looking climate change policy

The EU headed into 2015 with a commitment to deliver secure and affordable energy to its citizens and businesses, while also fighting the causes of climate change. It launched the energy union in February to help consumers save money and energy, help the environment and ensure security of supply. A number of related proposals were launched in July that covered revising the EU emissions trading system, making energy-efficiency labels clearer and delivering a better deal for consumers. The Commission also launched a public consultation regarding the new design of the electricity market.

In February the Commission presented a

communication on how to achieve a 10% electricity interconnection target in all Member States by 2020. By the end of 2015 several interconnection projects had already been unveiled, linking the Baltic states in the north, the Iberian peninsula in the south and Malta with the rest of the EU.

In September the Commission adopted the new strategic energy technology plan. Its aim is to accelerate the development and deployment of low-carbon technologies.

In November the Commission issued the state of the energy union report, which showed the progress made since the adoption of

the energy union framework strategy. Its implementation will require further efforts, however, and 2016 will be a crucial year for the delivery of energy union.

In addition the EU played a central role in brokering the world's first universal, legally binding climate deal, which was adopted by 195 countries in December in Paris. The agreement set out a global action plan to enable the world to avoid dangerous climate change by limiting global warming to well below 2°C. It also sent a clear signal to investors, businesses and policymakers that the global transition to clean energy is here to stay and that resources have to shift away from polluting fossil fuels.

## Energy union: secure, sustainable, competitive and affordable energy for every EU resident

In February the Commission adopted its [energy union strategy](#). This builds on the [European energy security strategy](#) and on the EU's [2030 framework for climate and energy](#). In October 2014 the EU Heads of State or Government had agreed targets on decreasing domestic greenhouse gas emissions by at least 40% by 2030 compared to 1990 levels, an EU-wide binding target for renewable energy of at least 27% and an energy-efficiency target of at least a 27% improvement compared to projections. The efficiency target will be reviewed by 2020, having in mind an EU level of 30%. Given the fundamental importance of a fully functioning and connected internal energy market, EU leaders also agreed to a minimum 10% target for electricity interconnections between Member States by 2020. The aim will then be to increase this target to 15% by 2030.

The fundamental goal of energy union is to provide EU consumers and businesses with secure, sustainable and competitive energy. Consumers should be offered affordable prices, and more competition and choice, in order to save money and energy.

Energy union also aims at tackling climate change through the transition to a low-carbon, climate-friendly economy. In February the Commission published a [communication setting out a vision for a global climate agreement in Paris](#) in December.

The EU imports 53% of the energy it consumes, and some of its Member States depend on one supplier for their gas imports. Diversifying energy sources and suppliers is a key means of both improving the EU's energy security and preserving its competitiveness. In order to achieve the diversification needed the EU is exploring the procurement of fuel supplies from other parts of the world, exploring new technologies, further developing domestic resources (including biomass, as set out in the [EU forest strategy](#)) and improving infrastructure to access new sources of supply.

Persistent obstacles to real market integration, uncoordinated national policies and the absence of a common stance towards non-EU countries have impeded progress in delivering energy union.

The energy union strategy is therefore based on five dimensions:

- ▶ energy security, solidarity and trust;
- ▶ a fully integrated European energy market;
- ▶ energy efficiency contributing to moderation of demand;
- ▶ decarbonising the economy;
- ▶ research, innovation and competitiveness.

Making energy union a success in all Member States will require a range of initiatives at the EU and national levels over the coming years.

EU cohesion policy contributes to the energy union objectives on the ground. More than €110 billion has been made available through the European Structural and Investment Funds. Part of this has been allocated to finance the low-carbon economy across the EU, including investments in sustainable energy and multimodal urban transport. In addition, substantial support is available for investments related to energy-efficient and decarbonised transport, as well as some support for larger-scale smart energy infrastructure.

Following the adoption of the energy union strategy Commission Vice-President Maroš Šefčovič set out in 2015 to visit all Member States to bring the ideas of energy union closer to the Member States and stakeholders. The energy union tour enabled discussions with governments, national

parliaments, the energy sector and other industries, as well as social partners, consumers and students.

The first state of the energy union report, issued by the Commission in November, looked at progress made over the previous 9 months, identified key action areas for 2016 and provided policy conclusions at EU, Member State and regional levels. The report showed that, in addition to decarbonisation (including through renewable energy) and energy security, the energy union strategy was delivering on energy efficiency, the internal energy market, and research, innovation and competitiveness. It also acknowledged that much remains to be done to fully deliver on the objectives of energy union.

## POWER TO CONSUMERS

### The future electricity market will benefit consumers



Buy energy-efficient products, save up to **€465** a year



Generate your own power — **save** on your energy bills. Surplus? Sell to the grid and **make a profit**



Clear and frequent billing information — adjust your consumption and save up to **10 %** a year



Compare easy-to-understand offers from different suppliers. Switch suppliers and **save hundreds of euros** a year



## #EnergyUnion



### Know your rights

Claim what's yours  
[ec.europa.eu/energy-consumers](http://ec.europa.eu/energy-consumers)



Be smart with a smart meter — use when it's cheapest and save up to **30 %** a year

A key instrument for the implementation of energy union is a reliable and transparent governance mechanism. The report included guidance to Member States on the development of integrated national energy and climate plans for the period from 2021 to 2030.

## Transforming the EU's energy system

In July the Commission presented initiatives to deliver a new deal for energy consumers, redesign the EU electricity market, revise the EU emissions trading system and update energy-efficiency labelling.

### Empowering energy consumers

The Commission's proposals are based on a three-pillar strategy:

- ▶ helping consumers to save money and play an active part in the market through better information and a wide choice of actions;
- ▶ increasing consumer trust and protection, in terms of energy rights as well as data management, protection, privacy and security;
- ▶ facilitating the active role of consumers by making full use of interoperable smart technologies.

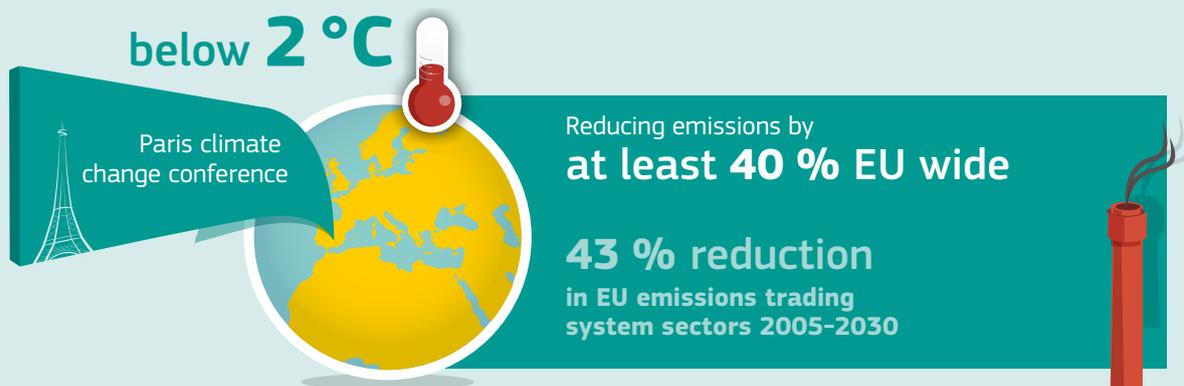
### New electricity market design

A fundamental transformation of the EU's electricity system is required to achieve the goals of the energy union strategy. The Commission's communication on the [redesign of the EU electricity market](#) launched a public consultation on what the new electricity market design should look like. The results of the consultation will be used to strengthen energy security, meet consumers' expectations and deliver real benefits from new technology. They will also help identify ways to facilitate investments, notably in renewables.

### An EU emissions trading system fit for the future

In July the Commission proposed a revision of the EU emissions trading system for the period after 2020 to ensure that the system could play a full part in achieving cuts in greenhouse gas emissions in the decade to come. The proposal was the first legislative step towards implementing the [EU's commitment to reducing greenhouse gas emissions by at least 40% domestically by 2030](#). It sent a powerful signal to the international community in the run-up to the Paris climate conference.

## THE EU EMISSIONS TRADING SYSTEM



Source: European Commission.

The proposal contains three key elements: an increase in the pace of emissions cuts after 2020; more targeted rules for the free allocation of emissions allowances to industry to safeguard international competitiveness; and a funding boost for low-carbon innovation and energy-sector modernisation.

#### Energy-efficiency label revision for greater clarity

Since its introduction 20 years ago EU energy labelling has encouraged the development of ever more energy-efficient products. This has resulted in the current energy-efficiency label becoming too complex. In 2015 the [Commission proposed a return to the original A to G energy label scale](#), which is simpler and well understood by consumers.

#### The strategic energy technology plan

In September the Commission adopted the new [strategic energy technology plan](#), with a projected budget of up to €71.5 billion. It seeks to improve low-carbon and new technologies and bring down costs by coordinating research and helping to finance projects.

As the technology dimension of the EU's energy and climate policy the upgraded plan proposes 10 focused research and innovation actions. These will help accelerate the energy system's transformation while creating new jobs and growth. A more efficient and simpler governance structure will be put in place to increase coordination between national governments, industry and research institutions. Greater access to risk financing will be facilitated to support new innovations and bring new technologies to market.

## An interconnected energy market

In February, as part of the energy union strategy, the Commission presented a communication on how to achieve a [10% electricity interconnection target](#) in all Member States by 2020. This means that each Member State should have in place electricity cables that allow at least 10% of the electricity produced by their power plants to be transported across its borders to neighbouring Member States. A total of 22 Member States are already on track to meet the target, but more interconnections are still needed in specific regions.

In March the Commission President joined the Prime Ministers of Spain and Portugal and the President of France for the signature of the Madrid Declaration. The declaration paves the way for better connection of the Iberian peninsula with the rest of the EU energy market. A new regional High Level Group for South-West Europe will ensure regular monitoring of the progress of the key infrastructure projects identified in the Madrid Declaration, as well as providing adequate support to facilitate the construction.

In April the Prime Ministers of Malta and Italy officially inaugurated the electricity interconnector linking the two Member States. As a result Malta is now connected to the European energy grid.



(Seated, from left to right) Jean-Claude Juncker, President of the European Commission, François Hollande, President of France, Mariano Rajoy, Prime Minister of Spain, and Pedro Passos Coelho, Prime Minister of Portugal, sign the Madrid Declaration to better connect the Iberian peninsula with the rest of the EU energy market, Madrid, Spain, 4 March 2015.

In July the Member States agreed to invest in 20 key trans-European energy infrastructure projects under the [Connecting Europe Facility](#). The facility has a budget of €5.35 billion for supporting energy infrastructure for the 2014-2020 period. A second call for proposals was published in June with an indicative budget of €550 million.

In October a grant agreement was signed to build a gas interconnector between Poland and Lithuania, bringing to an end the isolation of the Baltic Sea region.

Taavi Rõivas, Prime Minister of Estonia, Dalia Grybauskaitė, President of Lithuania, Laimdota Straujuma, Prime Minister of Latvia, Ewa Kopacz, Prime Minister of Poland, and Jean-Claude Juncker, President of the European Commission, announce the gas interconnector project to link Poland and Lithuania, Brussels, 15 October 2015.



In November the Commission adopted a list of 195 key energy infrastructure projects. These are known as [projects of common interest](#) and will help deliver the EU's energy and climate objectives. The projects benefit from accelerated permit procedures and improved regulatory conditions. They may be eligible for financial support from the Connecting Europe Facility.

Two new electricity interconnections connecting Lithuania to Poland and Sweden were officially inaugurated in December. The LitPol Link connects Alytus in Lithuania with Etk in Poland, while the NordBalt links up Nybro in Sweden with Klaipeda in Lithuania. For the first time the electricity markets of the Baltic states will be connected to the Swedish and Polish electricity networks, enabling the Baltic states and Poland to meet the 10% interconnection target.

### Climate change and the Paris agreement

In December 195 countries adopted the world's first universal, legally binding agreement to tackle climate change. The deal, signed thanks to the efforts of the EU, commits all countries to take action to reduce greenhouse gas emissions in a bid to keep the global temperature rise 'well below' 2°C above pre-industrial levels and avoid the most dangerous effects of climate change.

The adoption of a new global climate agreement to accelerate the transition to a low-carbon global economy marks the culmination of years of efforts by the international community to bring about a universal, multilateral agreement on climate change.



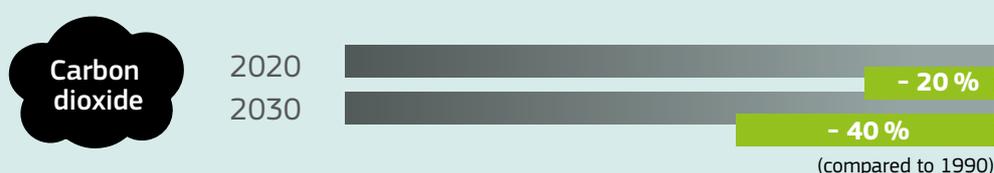
Carole Dieschbourg, Minister for the Environment of Luxembourg representing the Presidency of the Council of the European Union (third from left), and Commissioner Miguel Arias Cañete (fourth from right) lead representatives of the High Ambition Coalition at the climate change conference in Paris, France, 12 December 2015.

Following limited participation in the Kyoto Protocol, and the lack of agreement in Copenhagen in 2009, the EU built a broad coalition of developed and developing countries in favour of high ambition. The coalition shaped the successful outcome of the Paris conference.

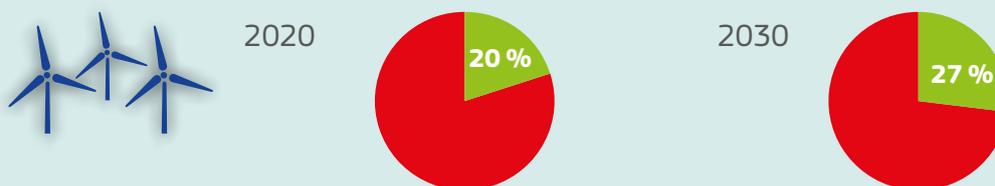
The emissions-reduction pledges made by countries, known as intended nationally determined contributions, were a major breakthrough development. The flow of pledges started slowly in March, with the EU becoming the first major economy to present its contribution. The EU committed itself to a binding, economy-wide emissions reduction target of at least 40% by 2030, compared to 1990 levels. By the end of the Paris conference almost all of the countries in the world had put forward comprehensive plans to reduce their emissions, many doing so for the first time. This was an unprecedented demonstration of political will, marking a clear shift away from action by few to action by all.

## AN AMBITIOUS CLIMATE POLICY BY 2030

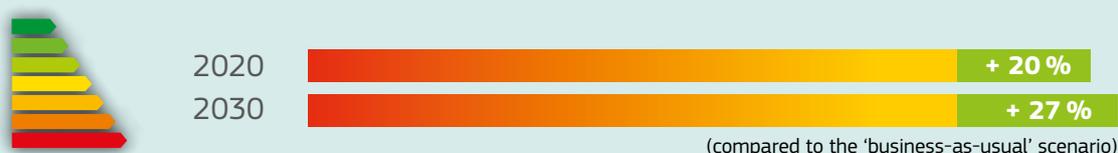
Cut greenhouse gas emissions by at least **40 %**



Increase the share of renewables in the energy mix to **27 %**



Improve energy efficiency by at least **27 %**



Source: European Commission.

The following key elements were agreed by governments in Paris.

- ▶ A long-term goal to keep the global average temperature increase to 'well below' 2°C above pre-industrial levels and pursue efforts to limit the increase to 1.5°C.
- ▶ To aim to peak global greenhouse gas emissions 'as soon as possible' and to undertake rapid reductions thereafter, in accordance with best available science, to achieve a balance between sources and sinks of greenhouse gases in the second half of this century.
- ▶ To come together every 5 years to set more ambitious emissions reduction targets as required by science.

- ▶ To report to each other and the public on how well they are doing in implementing their targets, in order to ensure transparency and oversight.
- ▶ Developed countries will continue their existing collective goal to mobilise \$100 billion per year by 2020 to support climate action in developing countries and extend this goal until 2025, when a new collective target will be set.

#### The EU is committed to boosting climate assistance for developing countries

The EU and its Member States provided €14.5 billion in funding in 2014 to help developing countries reduce greenhouse gas emissions and adapt to the consequences of climate change. This is a significant increase, showing the EU's determination to contribute its fair share to the \$100 billion goal set in 2009 for annual finance flows from developed to developing countries by 2020. In the 2014-2020 period at least 20% of the EU budget will be spent on projects relating to climate action. An average of €2 billion per year of public grants will support activities in developing countries between 2014 and 2020.



EU financing for climate action.

#### EU citizens support collective global action on climate change

The [special Eurobarometer opinion poll on climate change](#), published just a few days before the start of the climate summit in Paris, showed that climate change remains a key concern for the public in the European Union, with 91% considering it a serious problem. More than 9 out of 10 people in the EU (93%) believe that fighting climate change will only be effective if all countries in the world act together.



Climate change — what the EU is doing.

## CHAPTER 4

'Our internal market is Europe's best asset in times of increasing globalisation. I therefore want the next Commission to build on the strength of our single market and to fully exploit its potential in all its dimensions.'

*Jean-Claude Juncker, political guidelines, 15 July 2014*



# A deeper and fairer internal market with a strengthened industrial base

36

The Commission presented plans in 2015 to build on the strength of the EU single market and fully exploit its potential. The single market already offers easier access to many products and services, lower prices, greater commercial opportunities and higher standards of safety and environmental protection.

The Commission is further developing the single market to enable EU companies and industry to thrive in the global economy. In October it launched the [single market strategy](#) to help create new opportunities for consumers and businesses.

In the autumn the Commission launched the

[capital markets union](#), together with an [action plan](#) of 33 measures. These will make it easier for smaller businesses to tap into capital markets and find the funding they need. This access to funds is an essential part of the EU's financial stability.

The EU also needs a framework for the fair and efficient taxation of corporate profits. This would help distribute the tax burden equitably and promote sustainable growth and investment. It would also diversify funding sources and strengthen economic competitiveness. In March the Commission proposed a [package of measures](#) to create more transparency in corporate

taxation. This was followed in June by an [action plan](#) to achieve a comprehensive approach to ensuring fair and efficient corporate taxation. During the year the Commission launched investigations under State aid rules into whether certain Member States had granted tax advantages to selected companies.

## The single market strategy

The [single market](#) allows goods, services, capital and people to move more freely. It offers opportunities for professionals and businesses, as well as greater choice and lower prices for consumers. It enables people to travel, live, work and study wherever they wish. These opportunities do not always materialise, however, because single market rules are not known, not implemented or simply jeopardised by unjustified barriers. In October the Commission adopted the [single market strategy](#), which proposed a number of actions in this regard. These will be created by enabling the balanced development of the collaborative economy, helping small and medium-sized enterprises and start-ups to grow, making the market without borders for services a practical reality, addressing restrictions in the retail sector and preventing discrimination against consumers and entrepreneurs. The strategy will also enable the modernisation of the EU's standards system, the increased transparency, efficiency and accountability of public procurement and the consolidation of the EU's intellectual-property framework. All of this is intended to bring practical benefits for people in their daily lives.



The single market strategy.

The strategy focuses on services and product markets. It complements the Commission's efforts to [boost investment](#), improve competitiveness and [access to finance](#), ensure a properly functioning [internal market for energy](#) and reap the opportunities of the [digital single market](#).

## Single market integration

The [2015 report on single market integration and competitiveness](#), issued by the Commission in October, provided in-depth analysis of the state of economic integration and competitiveness in the EU. Even though the EU saw clear signs of economic recovery during the year, targeted reforms are needed to restore sustainable economic growth. The report shows that structural, behavioural and regulatory barriers still hinder the overall performance of the single market. Much can be achieved simply by improving the implementation and enforcement of existing rules, especially in the services markets.

## Capital markets union

In 2015 the Commission proposed a [capital markets union](#) to improve the ability of financial markets to serve the real economy. This initiative involves reducing fragmentation in financial markets, diversifying financing sources, strengthening cross-border capital flows and improving access to finance for businesses, particularly small and medium-sized enterprises.

Capital markets union aims to put people's money to work to bolster the EU economy and benefit EU consumers. The Commission [Green Paper](#) on building a capital markets union was published in February. It was followed by an [action plan on capital markets union](#) in September, which seeks



Unlocking funding for Europe's growth.

to achieve progress in three main policy areas. The first policy area focuses on improving access to financing for all businesses across the EU and, in particular, start-ups, small and medium-sized enterprises and infrastructure projects. The second concentrates on increasing and diversifying the sources of funding from investors in the EU and around the world. The third involves making the markets work better so that the connections between investors and those who need funding are more efficient and effective, both within Member States and across borders.

The Commission also made [securitisation proposals](#) to free up banks' capital for new lending. It presented [new rules for the treatment of infrastructure projects](#) to promote investment, launched consultations on [venture capital](#), [covered bonds](#) and [retail financial services](#) and published a call for evidence on the [cumulative impact of financial legislation](#). A [proposal to modernise the prospectus regime](#) was put forward by the Commission in November. It aims to make it easier for companies to grow by raising capital throughout the EU while ensuring effective investor protection. A Council general approach on the securitisation proposals was agreed in December.



Commissioner Jonathan Hill (fifth from the right in the first row) chairs the opening ceremony of the London Stock Exchange, London, 2 October 2015.

## Rendering public procurement more transparent and competitive

With public expenditure on goods, works and services representing approximately 18% of EU gross domestic product, public procurement is critical to the EU's economic recovery. Transparent and competitive public procurement across the single market creates business opportunities for EU enterprises and contributes to job creation.

In September the Commission gave guidance to national, regional and local authorities on applicable [EU procurement rules](#). These are designed to allow authorities to react quickly in times of crisis and to satisfy the most immediate needs for housing, supplies and help when needed.

The Commission continued to support and promote the transition to e-procurement and e-invoicing in Member States. This includes direct support in the form of grants, from the Connecting Europe Facility and the European Structural and Investment Funds, for developing IT systems and enhancing interoperability across the EU.

## Facilitating workers' mobility

Despite the fact that more than 8 million EU citizens work in another Member State, finding a job abroad and getting professional qualifications recognised is not always an easy task. In 2015 the Commission worked on improving the EU labour market and making it easier for professionals to work in an EU Member State other than their home state.

Effective and speedy matching of skills with vacancies is a priority. It will help people and companies across the EU make the most of the economic potential of national and cross-border labour mobility. The [EURES portal](#) allows workers to easily access a database of job vacancies from the public employment services of all Member States and match them with their job applications online. During the year the Parliament and the Council approved the Commission's proposal to strengthen cooperation in this area.

Thanks to the new [European Professional Card](#) it will be easier for professions such as nurses, pharmacists, physiotherapists and estate agents to work in Member States other than their home state. In 2016 professionals will be able to use the card as a proof that they have passed administrative checks and that their professional qualifications have been recognised by the host Member State. At the same time the Commission will introduce an alert mechanism to protect people from unqualified professionals. To make this happen the Commission adopted an implementing regulation in June and worked with all the Member States to have the card ready for use in January 2016.

The [European Accessibility Act](#) proposed by the Commission in December aims to improve the single market for key accessible products and services and contribute to the socioeconomic participation of disabled persons. The EU-wide accessibility requirements would be beneficial both for the approximately 80 million EU citizens faced with disabilities and for companies that want to reach out across borders. They would lead to a wider choice of accessible products and services with more competitive prices.

## Protecting intellectual property

In developing knowledge-based economies, the protection of intellectual property is important not only for promoting innovation and creativity but also for expanding employment and competitiveness. The EU made progress in three important areas in 2015: the unitary patent, the reform of trade marks and the protection of trade secrets.

The [unitary patent](#) will be particularly important for the EU's innovative start-ups and small and medium-sized enterprises, aiming to operate across borders. It will enter into force as soon as it has been ratified by the Member States required. The objective of the unitary patent is simple and affordable patent protection across the EU. It will introduce a single procedure for registering patents for all participating Member States and reduce the cost of patent protection in the EU compared with Japan, the United States and other countries.

Trade mark registration is essential to building and defending a brand. During the year the Parliament and the Council adopted the Commission's [trade mark reform package](#) to make trade mark registration systems across the EU more accessible and efficient for businesses. The reform will also improve conditions for innovative businesses and provide more effective protection of trade marks against counterfeits. The package consists of a [regulation](#) that comes into force in March 2016 and a [directive](#) that is applicable from January 2016.

EU companies are increasingly exposed to the misappropriation of [trade secrets](#). In November 2013 the Commission proposed a set of common rules to facilitate access to civil action across the EU in case of trade secret misappropriation. The Parliament, the Council and the Commission reached a preliminary agreement on the proposal in December 2015. Once the proposal becomes law the EU will be an even better place in which to innovate and do business. The new rules will be important in promoting competition, improving conditions for companies to invest in research and innovation and encouraging the sharing of know-how across the EU.

## Fairer competition

Competition enforcement is one of the main tools for making the single market work. Ensuring fair competition benefits both citizens and businesses as it prevents companies from abusing their dominant positions. It also deters them from entering into cartel agreements, including price fixing, and sanctions them if they do. It helps prevent any possible anticompetitive outcome of company mergers and ensures that public aid granted to companies does not unduly distort the market.

Cartels shield participants from competition, allowing them to charge higher prices. They remove the pressure on the companies involved to improve products or find more efficient ways in which to produce them. As a result customers foot the bill in terms of paying higher prices for lower quality and narrower choice. This has an adverse effect on the competitiveness of the economy as a whole.

Competitiveness and innovation were fostered in 2015 by the close monitoring of State aid, notably to prevent public money being granted to ailing companies while at the same time creating a level playing field that facilitates the development of more innovative companies. A total of €6.1 million in illegal State aid was recovered during the year.

State aid enforcement also focused on single market priorities, including the energy, digital and financial sectors.

## The aviation strategy

The Commission worked to increase the competitiveness of the EU aviation sector, while maintaining high safety, security and environmental standards and fostering innovation. It notably recommended the negotiation of new international agreements with a view to offering citizens more routes at better prices and creating business opportunities for EU companies. The [EU aviation strategy](#), announced by the Commission in December, identifies the innovation and digital technologies needed to manage our skies more efficiently and to develop the full market potential of drones.

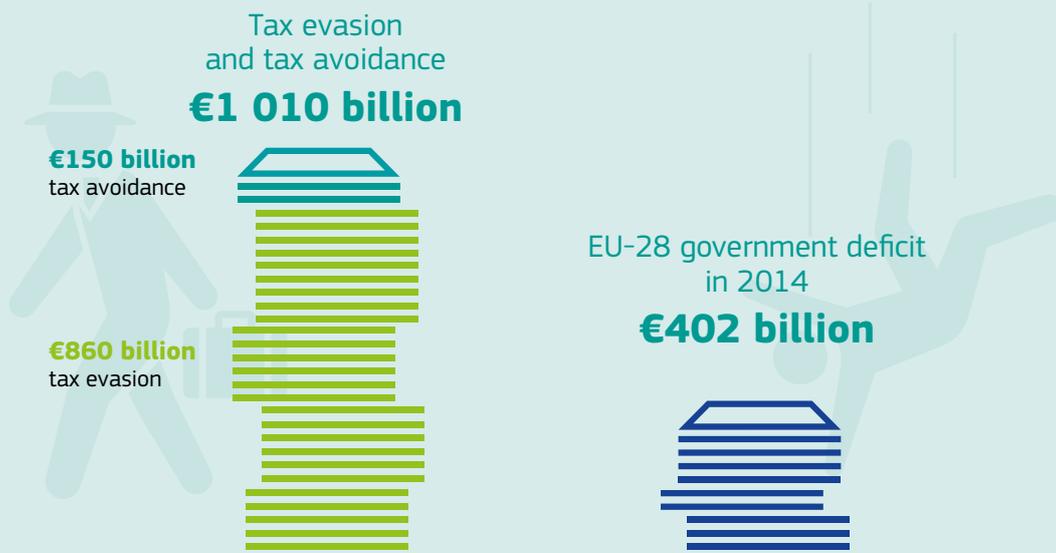


Commissioner Violeta Bulc visits Zaventem Airport, Belgium, 2 July 2015.

## Taxation

The EU needs a framework for the fair and efficient taxation of corporate profits so as to distribute the tax burden equitably, promote sustainable growth and investment, diversify the funding sources of the economy and strengthen economic competitiveness. Corporate taxation is an essential element of a fair and efficient tax system.

### BILLIONS IN LOST REVENUE FOR MEMBER STATES



Source: European Commission.

### Transparency and the fight against tax avoidance

In February the Parliament established a Special Committee on Tax Rulings and Other Measures Similar in Nature or Effect, whose report was adopted by the Parliament's Plenary on 25 November. In December the Parliament decided to extend the Committee's mandate for 6 months to tackle unresolved issues identified in its report.



Commissioner Margrethe Vestager (right) participates in an exchange of views with Roberto Gualtieri, Chair of the European Parliament Economic and Monetary Affairs Committee (left), and Alain Lamassoure, Chair of the Parliament's Special Committee on Tax Rulings and Other Measures Similar in Nature or Effect (centre), Brussels, 17 September 2015.

In March the Commission proposed a package of measures to create more transparency regarding corporate taxation throughout the EU. In June it presented an action plan to achieve a more comprehensive approach to ensuring fair and efficient corporate taxation.

While it is up to Member States to establish the level of corporate taxes in their territory, the Commission launched investigations under State aid rules into whether certain Member States granted tax advantages to selected companies.

In October the Commission concluded that Luxembourg and the Netherlands had, respectively, granted [illegal selective tax advantages to Fiat and Starbucks](#). It ordered the two Member States to recover the unpaid tax. The amounts to be recovered from each company were estimated to be between €20 million and €30 million.

The Commission also opened State aid investigations into tax rulings concerning [Apple in Ireland](#) and [Amazon](#) and [McDonald's](#) in Luxembourg. It also investigated the Belgian 'excess profit' ruling system. It extended the in-depth investigation of the Gibraltar corporate tax regime in order to complete its work in verifying whether the Gibraltar tax-ruling practice is in breach of EU State aid rules.

In December, as part of a package proposed by the Commission, the Council adopted a directive aimed at improving the transparency of tax rulings given by Member States. The directive will require Member States to exchange information automatically on advance cross-border tax rulings, as well as advance pricing arrangements. Member States will be able to request further information where appropriate.

## CHAPTER 5

'Over the next 5 years, I want to continue with the reform of our economic and monetary union to preserve the stability of our single currency and to enhance the convergence of economic, fiscal and labour market policies between the Member States that share the single currency.'

*Jean-Claude Juncker, political guidelines, 15 July 2014*



# A deeper and fairer economic and monetary union

On 1 January 2015 the euro area welcomed Lithuania as its 19th member.

Throughout the year the EU continued to prioritise the completion of economic and monetary union. By doing so it aims to create a better and fairer life for all citizens and prepare for future global challenges. The EU's future prosperity depends on the euro achieving its potential in delivering jobs, growth, social fairness and financial stability. The euro is, however, a political project, requiring political supervision and democratic accountability. The Parliament played a leading role in ensuring that accountability in 2015.

The EU moved forward in building the solid

architecture needed for the euro area, the world's second largest economy. Despite progress in recent years divergence across the euro area remains significant, and the recent crisis further highlighted existing shortcomings, with 18 million unemployed in the euro area and many people exposed to the risk of social exclusion.

The five presidents' report on how to complete economic and monetary union was launched in June. The report was the result of joint reflections by the Presidents of the European Commission, the European Council, the Eurogroup, the European Central Bank and the European Parliament. In the short term the report proposes

using existing instruments and the current treaties to boost competitiveness and structural convergence, to achieve responsible fiscal policies at national and euro-area levels and to complete financial union. In the longer term the convergence process must be more binding, for example through agreed benchmarks for convergence and a euro-area treasury. In October the Commission adopted a first package of measures to start implementing the plan.

## The development of economic and monetary union

With its [adoption by Lithuania in January 2015](#) the euro is now shared by 19 Member States and more than 330 million citizens. It has provided its members with price stability and shielded them against external volatility. It is the world's second most important currency, representing almost a quarter of global foreign exchange reserves. Almost 60 countries and territories around the world either directly or indirectly peg their currency to it.



Commission Vice-President Valdis Dombrovskis and Algirdas Butkevičius, Prime Minister of Lithuania, commemorate Lithuania's entry into the euro area, Vilnius, Lithuania, 14 January 2015.

Following the outbreak of the economic and financial crisis the EU took unprecedented measures to improve the economic governance framework of economic and monetary union. It strengthened the Stability and Growth Pact and adopted new mechanisms to prevent economic imbalances and better coordinate economic policies. However, these emergency measures need to be consolidated and completed to maximise the resilience of economic and monetary union to any future crisis.

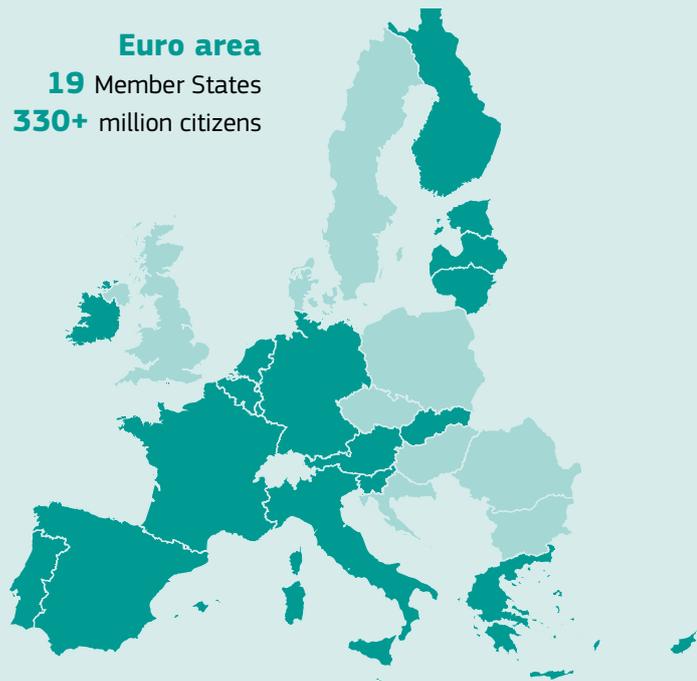
### THE EURO IS MORE THAN JUST A CURRENCY

A political and economic project

**Euro area**  
**19** Member States  
**330+** million citizens

€ The second most important currency in the world

**1/4** of global foreign exchange reserves





Mario Draghi, President of the European Central Bank, unveils the new €20 banknote, Frankfurt, Germany, 24 February 2015.

There is now significant divergence across the euro area. In some Member States unemployment is at record lows, while in others it is at record highs. In some Member States fiscal policy can be used counter-cyclically, in others fiscal space will take years of consolidation to recover. The EU is focused on correcting this fragility.

As Commission President Juncker underlined in his address to the Parliament in December, the euro is a political project that requires both political responsibility and political accountability. He emphasised that the European Parliament is not only the parliament of the European Union but also the parliament of the euro. Throughout 2015 the Parliament was closely involved in the strengthening of economic and monetary union. The President of the Parliament, Martin Schulz, played a key role in the preparation of the five presidents' report. Commission Vice-President Valdis Dombrovskis held discussions with the Parliament during the preparation of the annual growth survey. And President Juncker appeared several times before the Parliament in 2015 to discuss the progress made in delivering on the key priorities in this area.

Commissioner Pierre Moscovici addresses a conference on 'Charting a Course for Better Economic Policy in the EU', Brussels, 4 June 2015.



## The five presidents' report

In June the five presidents launched their report on how to deepen economic and monetary union from July 2015 and how to complete it by 2025 at the latest. The five presidents are European Parliament President Martin Schulz, European Council President Donald Tusk, European Commission President Jean-Claude Juncker, European Central Bank President Mario Draghi and Eurogroup President Jeroen Dijsselbloem. They put forward measures to be implemented in three stages.

In stage 1 the EU institutions and euro-area Member States would build on existing instruments and make the best use of the existing treaties. This means boosting competitiveness and structural convergence, completing financial union, achieving and maintaining responsible fiscal policies at national and euro-area levels and enhancing democratic accountability.

## TURNING THE VISION FOR THE FUTURE OF ECONOMIC AND MONETARY UNION INTO REALITY



Source: European Commission.

In stage 2 more far-reaching measures would be agreed to complete the economic and institutional architecture of economic and monetary union. During this stage the convergence process would be made more binding through a set of commonly agreed benchmarks that could be given a legal nature. In order to be allowed to participate in a shock absorption mechanism during this second stage, each euro-area Member State would have to make significant progress towards these standards and continue to adhere to them once they are reached.

At the end of stage 2, and once all the steps are fully in place, economic and monetary union would provide stability and prosperity for all citizens in the euro area.

The report recognised the importance of ensuring that every citizen has access to adequate education and an effective social protection system, including a 'social protection floor'. While there is no one-size-fits-all template to follow, the challenges are often similar across Member States. These include getting more people of all ages into work, striking the right balance between flexible and secure labour contracts, shifting taxes away from labour, delivering tailored support for the unemployed to re-enter the labour market and improving education and lifelong learning. To secure the long-term success of economic and monetary union a deeper integration of national labour markets is needed. This will involve making geographic and professional mobility easier, including through better recognition of qualifications, easier access to public-sector jobs for non-nationals and better coordination of social security systems.

The report also recommended the establishment of an EU-wide system of independent competitiveness authorities to help coordinate economic and competitiveness policies. While euro-area governance is well established for the coordination and surveillance of fiscal policies, it needs to be improved in the

broader field of competitiveness. The European semester and the macroeconomic imbalances procedure are first steps towards correcting this shortcoming. All Member States need, however, to improve their competitiveness as part of the same momentum. Each euro-area Member State should create a national body in charge of tracking competitiveness performance and policies. This would help to prevent economic divergence and would increase ownership of the necessary reforms at the national level. These competitiveness authorities should be independent, with a mandate to assess whether wages are evolving in line with productivity. They should compare developments in other euro-area Member States and in the main comparable trading partners. In addition they could be mandated to assess progress with reforms to enhance competitiveness more generally.

In October the Commission adopted a first package of measures to start implementing the report's recommendations. The package entailed a revised approach to the European semester that encompasses enhanced democratic dialogue and further improvements to economic governance. It proposed the introduction of national competitiveness boards and an advisory European fiscal board. A more unified euro-area representation in international financial institutions, in particular the International Monetary Fund, was also proposed. The package specified the steps needed to complete the banking union. These included a European Deposit Insurance Guarantee Scheme and measures to further reduce risk in the banking system.

The European Political Strategy Centre provides professional and targeted policy advice to the Commission President and the College of Commissioners. It published a series of [strategic notes](#) throughout 2015. Three of the notes presented proposals for implementing the five presidents' report.

## Banking union

Significant progress was made in implementing the [banking union](#). This is one of the key areas required for the EU to deepen economic and monetary union. The European Central Bank assumed its role as the banking supervisor for the banking union. The Single Supervisory Mechanism, located at the Bank, had its first full working year in 2015. Through a supervisory review and evaluation process all 123 centrally supervised banks received advice regarding their capital and governance structures. In addition a number of supervisory practices and policies were harmonised.

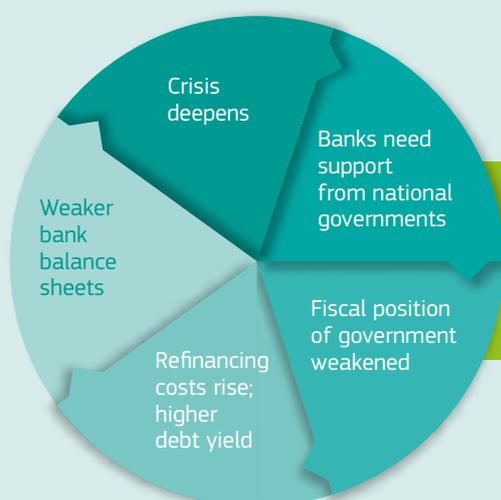
In November the Commission proposed a [European deposit insurance scheme](#) for bank deposits and set out further measures to reduce risks remaining in the banking sector. These measures had been set out in the five presidents' report. The banking union was established to underpin confidence in participating banks. The European deposit insurance scheme will strengthen the banking union, increase bank depositor protection, reinforce financial stability and further reduce the link between banks and their sovereigns. The proposal for the scheme builds on national deposit insurance schemes and would be accessible only on the condition that agreed rules have been implemented.

The scheme would develop over time, in three stages. In the first phase it would consist of the reinsurance of national deposit guarantee schemes. After 3 years it would become a co-insurance scheme in which the contribution of the European deposit insurance scheme would progressively increase over time. The final stage would comprise a full European deposit insurance scheme and is envisaged in 2024.

Individual depositors would continue to enjoy the same level of protection (€100 000). The European deposit insurance scheme would be mandatory for euro-area Member States whose banks are covered by the Single Supervisory Mechanism. It would also be open to other Member States who want to join the banking union.

In December the intergovernmental agreement on the Single Resolution Mechanism was ratified by a sufficient number of Member States. As a result the Single Resolution Board became fully operational as of January 2016. The board was established in 2015 to deal with banks in difficulty in the euro area. The agreement also meant that the Single Resolution Fund will start being filled up from national resolution funds in the euro area.

## COMPLETING THE BANKING UNION



Source: European Commission.

### ▶ Single rulebook

New rules to make banks better capitalised and risks better controlled

### ▶ Single supervision

European Central Bank supervises +/- 130 important banks; national supervisors work closely together within an integrated system

### ▶ Single resolution

If all else fails, as a last resort, the Single Resolution Board can decide to resolve a failing bank, backed by a fund that banks themselves pay into (no longer the taxpayers)

### ▶ European deposit insurance scheme

New rules to guarantee citizens' savings in banks

## Prudential regulation of financial markets and institutions

The Commission continued to monitor and analyse financial sector developments in Member States, the EU and around the world in order to identify potential sources of systemic risk and recommend mitigating actions.

Huge efforts have been made to strengthen financial institutions in the EU in recent years. New regulatory and supervisory frameworks have been put in place. Financial institutions themselves have also done a lot to increase their resilience in order to comply with new regulatory standards and meet market expectations.

## Financial markets

The rules governing trading in financial instruments have been strengthened, as have sanctions against market abuse. The protection of investors in collective investment funds, and of purchasers



A stronger banking union.

of insurance, has been enhanced. Securities financing markets have been made more transparent and progress has been made towards meeting the EU's G20 obligations on derivatives clearing.

### Controlling State aid and ensuring fair competition

**State aid control** has an important role in ensuring a level playing field within the banking union. Since the beginning of the crisis 112 banks in the EU, representing around 30% of the EU's banking system by assets, have received State aid. Member States have supported the banks by injecting €671 billion of capital (5% of the EU's gross domestic product) and providing €1 288 billion, or 10% of gross domestic product, in guarantees and other liquidity support. Most banks that received aid during the crisis have bounced back after implementing a considerable part of their restructuring plans. The aid had been given to secure citizens' savings, avoid bankruptcy and prevent the subsequent collapse of the banking system across the continent.

The Commission remained particularly vigilant in the financial services market, in the areas of financial derivatives and payment services. In February [the Commission fined the UK-based broker ICAP](#) €14.96 million for having facilitated several cartels in the sector of yen interest rate derivatives.

### Markets working for consumers

More than 40% of non-cash payments are made through payment cards. Multilateral interchange fees imposed when using cards may result in higher prices for consumers. In June the [multilateral interchange fees regulation](#) entered into force. It sets a cap on fees for the use of card payments and makes it easier for retailers to use banks in other Member States offering lower prices.

In 2015 the Parliament and the Council also [completed negotiations](#) on the [revised payment services directive](#), which will open up business opportunities for non-bank players, such as the companies that initiate online payments. In insurance, greater efficiency, safety and transparency for consumers was achieved due to a political agreement on the [insurance distribution directive](#).

## The social dimension of economic and monetary union

### Social dialogue

One of the key changes made to the [2015 European semester](#) was to increase the role played by social partners in designing and implementing policies and reforms. This required, among other things, an increased focus on capacity building. The new approach was launched during a [high-level conference in March](#) attended by leaders of EU and national social partner organisations. It was also attended by Martin Schulz, President of the European Parliament, Jean-Claude Juncker, President of the European Commission, Commission Vice-President Valdis Dombrovskis, Commissioner Marianne Thyssen and Uldis Augulis, the Minister for Welfare of Latvia. The Commission is now discussing the analysis from its country reports directly with social partner organisations. Social partners also



Emma Marcegaglia, President of BusinessEurope, Commissioner Marianne Thyssen, Commission Vice-President Valdis Dombrovskis and Valeria Ronzitti, General Secretary of the European Centre of Employers and Enterprises providing Public Services, at the high-level conference on 'A New Start for Social Dialogue', Brussels, 5 March 2015.

became more closely involved in policy- and lawmaking. They were consulted on major initiatives such as the investment plan and the energy union.

### Minimum income

The five presidents' report recognises the importance of ensuring that every citizen has access to adequate education and an effective social protection system, including a 'social protection floor'.

These issues are monitored within the framework of the European semester. The Commission works with Member States to promote adequate minimum-income schemes through its [country-specific recommendations](#). During the year the Commission also worked on two pilot projects to help develop minimum-income schemes in the Member States. The [European minimum income network](#) is a 2-year project to build consensus on the steps needed to achieve minimum-income schemes. The [European reference budgets network](#) is an initiative of the Parliament to develop a common methodology and reference budgets for the capital regions of the Member States.

### The Fund for European Aid to the Most Deprived

During 2015 the Commission adopted the last remaining national operational programmes for the [Fund for European Aid to the Most Deprived](#). The fund consists of €3.8 billion of EU financing, together with close to €0.7 billion of national co-financing, to assist the people most in need in the EU from 2014 to 2020. The fund supports Member States in their efforts to help the EU's most vulnerable people and those who have been worst affected by the economic and social crisis, and helps to alleviate the worst forms of material deprivation. It makes a significant contribution in the fight against poverty and social exclusion through the provision of food, material assistance and social-inclusion activities to the most deprived.

## CHAPTER 6

'Under my presidency, the Commission will negotiate a reasonable and balanced trade agreement with the United States of America, in a spirit of mutual and reciprocal benefits and transparency ... I will also be very clear that I will not sacrifice Europe's safety, health, social and data protection standards or our cultural diversity on the altar of free trade.'

*Jean-Claude Juncker, political guidelines, 15 July 2014*



# A reasonable and balanced free trade agreement with the United States

One of the EU's biggest challenges in 2015 remained the negotiations with the United States on the Transatlantic Trade and Investment Partnership. Four rounds of negotiations were held during the year, with progress made across a range of areas. The Commission has been clear that any agreement needs to ensure that the EU's current high standards of protection are maintained. The EU-US economic relationship is the biggest in the world. Independent studies and existing EU trade agreements suggest that a new free trade agreement with the United States would help generate growth, cut prices and give consumers more choice of goods and services.

To address civil-society concerns the Commission has ensured that the negotiations are more open and transparent than ever before. Throughout the year it engaged with stakeholders, published negotiating texts and provided detailed information about the negotiations.

The EU continued to actively implement its trade policy during the year. It sought to maintain the global trading system and played an active role in the World Trade Organisation. In the autumn the Commission published its new trade and investment strategy.

Opening up markets with key partner countries remained a central element

of EU trade policy. The EU continued to negotiate free trade agreements with, among other countries, Japan and Vietnam. The agreement with Vietnam was concluded in 2015. The EU also participated in plurilateral negotiations, under the auspices of the World Trade Organisation, for a Trade in Services Agreement and an Environmental Goods Agreement.

## The Transatlantic Trade and Investment Partnership as a motor for jobs and growth

The European Union is one of the world's most open economies. Open trade strengthens its economy, creates jobs, gives consumers more choice and buying power and helps firms compete abroad. In 2015 over 31 million jobs in the EU were supported by exports to non-EU countries. Trade clearly has to be a key component in the EU's strategy for jobs and growth. Some 5 million jobs in the Member States are supported by exports to the United States, which constitutes the EU's top export market. Tightening economic ties with the United States is, therefore, of key importance to the EU. The Transatlantic Trade and Investment Partnership will not, however, be a deal at any price. The EU will safeguard regulators' independence, the precautionary principle and governments' right to regulate to protect their people and the environment.

### A BOOST FOR THE WORLD'S STRONGEST ECONOMIC PARTNERSHIP

The EU exported around **€314 billion** in goods and **€194 billion** in services to the United States



The EU imported around **€196 billion** in goods and **€188 billion** in services from the United States

The United States invested a total of **€1 811 billion** in the EU, making it the EU's top foreign investor



The EU was the top foreign investor in the United States, with foreign direct investment stocks of **€1 985 billion**



The EU and the United States together accounted for about **half of world gross domestic product, a quarter of world imports** and **a quarter of world exports**

World gross domestic product  
46 %



EU/United States

World imports  
25 %



EU/United States

World exports  
24 %



EU/United States

## What the EU negotiated

Throughout the negotiations on the Transatlantic Trade and Investment Partnership the EU continued to work towards its aims to:

- ▶ cut tariffs across all sectors;
- ▶ eliminate barriers to trade behind the customs border;
- ▶ develop rules to make it easier and fairer to import, export and invest.

### Better access to the US market

During the year the EU continued to negotiate better access for EU companies to the US market by removing customs duties and other barriers to trade, as well as by facilitating new trade and investment opportunities in new areas. This would apply to all EU companies, however small or large and whatever they sell.

Through the Transatlantic Trade and Investment Partnership EU firms could export more to the United States and import more of the goods or services they need to make their final products. Services account for more than 70% of the economy, yet EU firms still face hurdles when they try to sell their services on the US market. The United States absorbs 13% of the EU's agricultural exports, especially high-value-added products. The EU would like to see the partnership make it possible for it to increase these exports further. Under the partnership the European Union also wants firms in the EU to be able to bid for US government contracts on equal terms with US companies.

### Regulatory cooperation — cutting red tape and costs without cutting corners

The European Union sought to break new ground for a trade deal by getting regulators in the EU and the United States to work together much more closely than they do now. To export to the United States EU firms must follow US rules and meet US standards. Often these rules and standards ensure the same level of safety or quality but differ in their technical details, such as the colour of wiring and the plugs and sockets used on either side of the Atlantic. In some cases checks on technical requirements unnecessarily repeat those already done on the other side of the Atlantic. These factors can be costly, especially for smaller firms and consumers. Working together on regulations could cut those costs while upholding the EU's strict levels of protection for people and the environment.

There are many areas in which regulatory cooperation under the Transatlantic Trade and Investment Partnership could bring benefits, such as working together better to approve, monitor and recall medical devices, including pacemakers, scanners and X-ray machines. The EU wants regulators on both sides of the Atlantic to work more closely together in their efforts to ensure that medicines available to consumers are safe and effective. To ensure the safety and quality of pharmaceutical products, EU and US authorities regularly inspect manufacturing sites. Mutual recognition of such inspections would decrease the burden on producers and make it possible to use EU inspection resources more efficiently.

The EU continued negotiations to boost food exports, while protecting the EU's strict standards and respecting its choice on issues such as genetically modified organisms, the use of antimicrobial treatments and hormones in livestock production.

The EU also continued negotiations with the United States on ways to promote international cooperation on regulatory issues.

### Trade rules for easier export, import and investment

The EU continued its efforts to put in place new, or to further develop, trade rules to help all EU firms benefit fully from the Transatlantic Trade and Investment Partnership.

Under the partnership the EU aims to:

- ▶ ensure that smaller companies can benefit fully;
- ▶ promote free and fair competition, including rules to stop firms colluding to fix prices or abusing market power;
- ▶ help firms save time and money on paperwork at customs;
- ▶ enable firms to access the sustainable energy and raw materials resources they need;
- ▶ protect EU firms' intellectual property;
- ▶ put sustainable development at the heart of the agreement.

The EU wants firms to invest with confidence, knowing they have protection if things go wrong. The public consultation on the investor–state dispute settlement mechanism showed that there was a widespread lack of trust in the fairness and impartiality of the mechanism proposed. Based on substantial input received from the European Parliament, Member States, national parliaments and stakeholders, in September the Commission proposed a new [Investment Court System](#) to replace the investor–state dispute settlement mechanism in all ongoing and future EU investment negotiations, including the talks on the Transatlantic Trade and Investment Partnership. Built around the same key elements as domestic and international courts, the Investment Court System enshrines governments' right to regulate and ensures transparency and accountability.

## How the negotiations were conducted

The Commission negotiated the Transatlantic Trade and Investment Partnership on the basis of a mandate agreed unanimously by the governments of all of the Member States and supported by the European Parliament. Negotiations began in June 2013. The Commission and the United States held four rounds of talks in 2015. They were held in February and July in Brussels, in April in New York and in October in Miami. The talks will continue in 2016. The negotiators made [progress](#) across a range of areas. Although the aim was to reach an agreement rapidly the EU always made it clear that getting a good agreement was more important than simply concluding negotiations as quickly as possible.

On its dedicated website the Commission published its [initial proposals for legal text](#), as well as position papers that set out and described the EU's approach on all the areas under negotiation. In addition the Commission published hundreds of documents about the partnership, explaining the aims and potential content of the agreement. These actions continued as negotiations progressed and, together, made the negotiations the most transparent ever undertaken for an EU trade agreement.



Commissioner Cecilia Malmström presents the latest developments in the Transatlantic Trade and Investment Partnership negotiations, European Parliament, Strasbourg, 7 July 2015.

As is usual when negotiating a trade agreement, the Commission used the weekly meetings of the Council's [Trade Policy Committee](#) to keep the governments of the Member States informed of progress in the negotiations. The Commission also kept the Parliament, and in particular its International Trade Committee, abreast of the negotiations. Trade Commissioner Cecilia Malmström and the EU's negotiators appeared regularly before the Parliament and its committees. Member States and members of the European Parliament had access to the negotiating documents in line with the practices agreed with them.

This provided democratic oversight throughout the negotiations. It ensured that both the governments of the 28 Member States and the directly elected members of the European Parliament were fully informed about the state of play of the negotiations, as well as about the EU's negotiating positions. The Parliament followed the talks closely, with 14 of its committees drafting reports on the negotiations. In July the Parliament approved a [resolution](#) reaffirming its support for the negotiations, together with a series of recommendations to the Commission.

The Transatlantic Trade and Investment Partnership negotiations attracted considerable public and media interest. The Commission welcomed discussions about the proposed agreement. It was particularly active in [publicising the talks](#) and explaining what the EU sought to get out of them. It also [addressed concerns](#) about claimed negative impacts of the partnership. The Commission made a significant effort to ensure that any interested stakeholder could engage directly with negotiators. For example, within the resources available, it made its negotiating team and other staff available to accept invitations to public meetings and debates throughout the EU, organised by parliamentarians, national, regional and local authorities and interest groups.

Commissioner Cecilia Malmström discusses the Transatlantic Trade and Investment Partnership during a citizens' dialogue in Warsaw, Poland, 18 September 2015.



During each negotiating round EU and US negotiators convened [joint meetings](#) with hundreds of stakeholders. At these gatherings participants were able to engage in an exchange of views with negotiators and to put forward their positions. As part of its longstanding structured [dialogue with civil society](#), following the rounds held in the United States in April and October the Commission held meetings in Brussels, in May and December respectively, with well over 100 representatives of a wide range of organisations. In May the Commission also held a civil-society dialogue meeting on [the Transatlantic Trade and Investment Partnership and health](#), attended by 133 representatives of a broad range of organisations. In the course of the negotiations the Commission drew on a 16-strong [Advisory Group](#) it had set up especially to provide additional expert input for EU negotiators. The group comprises men and women representing interests from environmental, health, consumer and workers' groups to various business sectors.

Once a final text has been agreed it will only enter into force if it is approved by the Parliament and the Council.

## World trade in general

The EU is the **largest exporter** and importer of goods and services in the world. Small and medium-sized businesses play an important role, with over 600 000 of them accounting for one third of total **EU exports**. EU exports provide jobs for **31 million** EU residents, 6 million of them in small and medium-sized enterprises. Overall, one in seven jobs in the EU depends on exports.

EU trade policy aims to ensure an open international trading system based on rules and to open up new markets for exports. At the same time an open trading system helps to ensure access by EU firms to the raw materials, components and services they need. This is vital in today's world of global value chains, in which most finished goods incorporate value added in several countries.

In the autumn the Commission published its new trade and investment strategy. The EU continued to be actively engaged in many ongoing multilateral or plurilateral trade initiatives. It remained committed to making progress in the negotiations in the World Trade Organisation, including at the Nairobi Ministerial Conference in December. In 2015 the EU agreed a **€1 trillion trade deal** with China, the United States and the vast majority of the World Trade Organisation's members to eliminate customs duties on 201 high-tech products. The EU continued to be a leading participant in the ongoing plurilateral trade talks for a Trade in Services Agreement between 23 members of the World Trade Organisation. In July, together with 13 other World Trade Organisation members, the EU launched negotiations to remove barriers to trade and investment in **'green' goods**, services and technologies.

At bilateral level, in August the EU reached political agreement with **Vietnam** on a free trade agreement. Negotiations progressed for a free trade agreement with **Japan** and for an **investment agreement with China**. In May the EU and Mexico agreed to prepare for the launch of negotiations to upgrade their free trade agreement from 2000. In December the EU launched negotiations for a free trade agreement with the Philippines. The EU, Russia and Ukraine continued to seek solutions to the concerns raised by Russia regarding the implementation of the **EU-Ukraine Association Agreement/Deep and Comprehensive Free Trade Agreement**. They identified a number of potential practical solutions and agreed to continue talks.

## CHAPTER 7

'I intend to make use of the prerogatives of the Commission to uphold, within our field of competence, our shared values, the rule of law and fundamental rights, while taking due account of the diversity of constitutional and cultural traditions of the 28 Member States.'

*Jean-Claude Juncker, political guidelines, 15 July 2014*



# An area of justice and fundamental rights based on mutual trust

Throughout 2015 the EU continued to develop its justice, fundamental rights and citizenship policies. These are based on the EU's core values of democracy, freedom, tolerance and the rule of law. EU citizens must have full confidence that, wherever they are in the European Union, their freedom and security are well protected.

In April the Commission presented a European agenda on security. The agenda focuses on areas where the EU can make a difference, such as better exchange of information and strengthened police and judicial cooperation.

Following the terrorist attacks in Paris in January and November the Member

States resolved to work together to defeat terrorism. They took steps to counter radicalisation, cut terrorist financing and enhance the cooperation between the EU's law enforcement agency, Europol, and its judicial cooperation agency, Eurojust.

In the area of justice the Commission delivered on its commitment to finalise EU data protection reform, ensuring better protection of citizens' personal data (see Chapter 2). The Commission also made progress towards the establishment of the European Public Prosecutor's Office, which will investigate and prosecute EU fraud affecting the Union's financial interests.

The Commission finalised negotiations on an

EU-US data protection umbrella agreement. The agreement will protect personal data transferred between the European Union and the United States for the prevention, detection, investigation and prosecution of criminal offences, including terrorism. It will also enable EU citizens to benefit from the possibility of seeking judicial redress in the United States under US law.

## A European agenda on security

Since December 2014 police and judicial cooperation in criminal matters have [fallen within the normal EU legal order](#). In April 2015 the Commission proposed a [European agenda on security](#) for the 2015-2020 period. The agenda will support Member States' cooperation in tackling security threats and step up common efforts in the fight against terrorism, organised crime and cybercrime. The agenda sets out measures to ensure security and tackle pressing threats more effectively.

One of the key priorities of the agenda is to set up a centre of excellence to collect and disseminate expertise on anti-radicalisation. This will build upon the work carried out by the Radicalisation Awareness Network. The centre will focus on strengthening the exchange of experience between practitioners engaged in preventing radicalisation and violent extremism at local level.

In addition the agenda provides for the updating in 2016 of the framework decision on terrorism, in order to deal more effectively with the foreign-fighter phenomenon and to intensify cooperation with non-EU countries on this issue.

In December, in line with the European agenda on security and in response to the Paris attacks in November, the Commission adopted a proposal for a directive on combating terrorism.

Preventing the laundering of criminal proceeds and cutting off the financing of terrorist organisations are cornerstones of the European agenda on security. The Commission has proposed to expand the cooperation between authorities in the EU in order to cut off sources of finance to criminals. The anti-money laundering package, adopted in May, focuses on greater effectiveness and improved transparency to close loopholes and prevent criminals and terrorists from abusing the financial system.

Countering terrorist propaganda on the internet is another priority of the European agenda on security. The Commission enhanced its dialogue with the information technology industry regarding hate speech and online incitement to violence and hatred.

Identifying ways to overcome obstacles to criminal investigations online and reinforcing existing tools to fight cybercrime are other priorities of the agenda.

Finally, the agenda proposes enhancing Europol's capacities through the creation of a European Counter-Terrorism Centre. The centre will help the agency increase its support for actions by national law enforcement authorities to tackle foreign terrorist fighters, terrorist financing, violent extremist content online and the illicit trafficking of firearms.

## Criminal justice

### Setting up the European Public Prosecutor's Office

Every year more than €500 million is lost to fraud. The aim of the [European Public Prosecutor's Office](#) is to investigate and prosecute, in the Member States' courts, crimes affecting the EU budget.

At the Justice and Home Affairs Councils held in 2015 Member States showed their support for the provisions governing the structure of the European Public Prosecutor's Office, for its selection and appointment procedures, for the measures governing its investigations and for the office's sphere of competence.

### Reform of Eurojust

In parallel with the proposed establishment of the European Public Prosecutor's Office, the Commission proposed a [reform of Eurojust](#). The proposal aims to further improve the agency's overall functioning

## DISRUPTING ORGANISED CRIME



Source: European Commission.

and ensure that it remains focused on encouraging cooperation between national judicial authorities in the fight against serious crime.

### Strengthening the criminal justice response to radicalisation

In October the Commission hosted a ministerial conference on the 'Criminal Justice Response to Radicalisation'. The Commission will earmark funding for the implementation of the Council conclusions enacting the conference outcomes, focusing on such actions as setting up deradicalisation programmes and developing risk assessment tools.



Commissioner Věra Jourová addresses the high-level ministerial conference on the 'Criminal Justice Response to Radicalisation', Brussels, 19 October 2015.

### More safeguards for citizens in criminal proceedings

In 2013 the Commission presented a [package of proposals](#) to further strengthen procedural safeguards for citizens in criminal proceedings in order to guarantee fair trial rights for all citizens in the European Union.

These proposals aim to ensure the presumption of innocence and the right to be present at trial. They provide for special safeguards for children facing criminal proceedings. They also guarantee the access of suspects and the accused to provisional legal aid, especially for people subject to a [European Arrest Warrant](#).

The Parliament, the Council and the Commission started negotiations on the three proposals in 2015. In November they reached agreement regarding the presumption of innocence.

### Better protection of victims' rights

The victims' rights directive entered into force in November. It lays down the right to information, support, protection and participation in criminal proceedings and ensures that victims are treated in a respectful and non-discriminatory manner. The new rules will help change attitudes towards victims and place victims at the centre of criminal proceedings.

## Fundamental rights and judicial systems

### EU data protection

In 2015 the Parliament and the Council intensified their work on reforming the data protection legislation. The discussions covered the general data protection regulation and the data protection directive for the police and criminal justice authorities. [Agreement was reached](#) on the entire reform package in December.



Koen Lenaerts took office as President of the Court of Justice on 8 October 2015.

In September the Commission finalised the negotiations on the so-called [umbrella agreement](#) with the United States on the protection of personal data when transferred for law enforcement purposes, including terrorism. For the umbrella agreement to become applicable the United States will first have to adopt its Judicial Redress Bill, after which the EU will be able to sign the agreement.

Following the [judgment by the Court of Justice declaring the Commission's US safe-harbour decision invalid](#), negotiations continued on a new data protection framework for business-to-business transfers of personal data, to replace the safe-harbour adequacy decision of 2000. Safe harbour is a specific framework put in place to simplify the transfer of personal data between the European Union and the United States. The Court of Justice declared in October that the safe-harbour framework violates the fundamental right to privacy and annulled the Commission's decision. The Commission immediately

issued guidance on the possibilities of transatlantic data transfers following the ruling and committed itself to continuing its work towards a renewed and safe framework for the transfer of personal data across the Atlantic.

## The Cooperation and Verification Mechanism for Romania and Bulgaria

In January 2015 the Commission reported on progress achieved by Romania and Bulgaria in the areas of judicial reform and the fight against corruption and, for Bulgaria, organised crime.

The January reports concluded that, although there had been progress in 2014, challenges remained. The reports were also discussed in the Parliament and in the Council, which concluded that the mechanism will stay in place until the expected results are achieved.

## Justice for growth

### The EU justice scoreboard

Enhancing the quality, independence and efficiency of Member States' justice systems is a prerequisite for a business-friendly environment. Making national justice systems more efficient is therefore a key part of the [structural reforms provided for in the European semester](#). The [2015 EU justice scoreboard](#), together with the [country-specific assessments](#), shows that [certain Member States](#) are still facing particular challenges in this area.

### Insolvency

More and more companies and individuals are setting up businesses in other Member States. If they become insolvent this may affect the proper functioning of the internal market.

In May the EU adopted the revised law on cross-border insolvencies. It clarifies the rules on insolvencies of groups of companies and pre-insolvency procedures.

### European small claims

In December the proposal for the revision of the [European small claims procedure](#) was adopted at first reading. This revision will allow consumers and businesses in the EU, in particular small and medium-sized enterprises, to recover claims of up to €5 000 across borders. Greater use of electronic means of communication will simplify proceedings and make them faster and cheaper. The amendment will enter into application in mid 2017.

### Shareholder rights

The [revision of the shareholder rights directive](#) is currently being negotiated between the Parliament, the Council and the Commission. It tackles corporate governance shortcomings relating to listed companies and their boards, shareholders, intermediaries and proxy advisers. It standardises the creation of companies with a single shareholder and makes it easier for small and medium-sized enterprises to operate across the EU.

### Single-member companies

The [proposal for a law on single-member private limited liability companies](#) aims to standardise the creation of companies with a single shareholder. The proposal is currently being negotiated by the Parliament and the Council.

### Interconnection of business registers

In June a framework was adopted to implement technical specifications and procedures for the system of [interconnection of business registers](#). The interconnection will be implemented by June 2017 and will open up access, via the [European e-Justice Portal](#), to information on companies registered across the EU. This will make it easier for businesses and citizens to retrieve such information.

## The free movement of persons

The free movement of persons is a fundamental right guaranteed by the EU to its citizens and their family members. It entitles every EU citizen to travel, work and live in any Member State, without special formalities.

In 2014 [over 14 million EU citizens lived in a Member State other than their own](#). Although people frequently need to prove their civil status, getting official documents recognised in another Member State remains difficult.

In October the Parliament and the Council agreed on simplifying the circulation of public documents between Member States. Formal adoption of the regulation is planned for the first half of 2016.

## Protecting fundamental rights and consumer rights

### Respecting and promoting fundamental rights

In May the Commission adopted its [2014 annual report on the EU Charter of Fundamental Rights](#). The report on the charter was accompanied by a document that illustrates how it was applied in 2014 at EU and national levels.

In October the Commission hosted its [first Annual Colloquium on Fundamental Rights](#), on the subject of 'Tolerance and Respect: Preventing and Combating Anti-Semitic and Anti-Muslim Hatred in Europe'. Its conclusions set out actions such as preventing and combating anti-Semitic and anti-Muslim hatred in the area of education and fighting hate crime and hate speech. In December the Commission appointed two coordinators — one for combating anti-Semitism and one for combating anti-Muslim hatred.

### Enforcing consumer rights

Thanks to a joint action between some national enforcement authorities, which was facilitated by the Commission in July, five major car rental companies pledged to change the way they deal with consumers. Insurance policies will be easier to understand, price transparency will be promoted and the process of handling damages will be fairer.

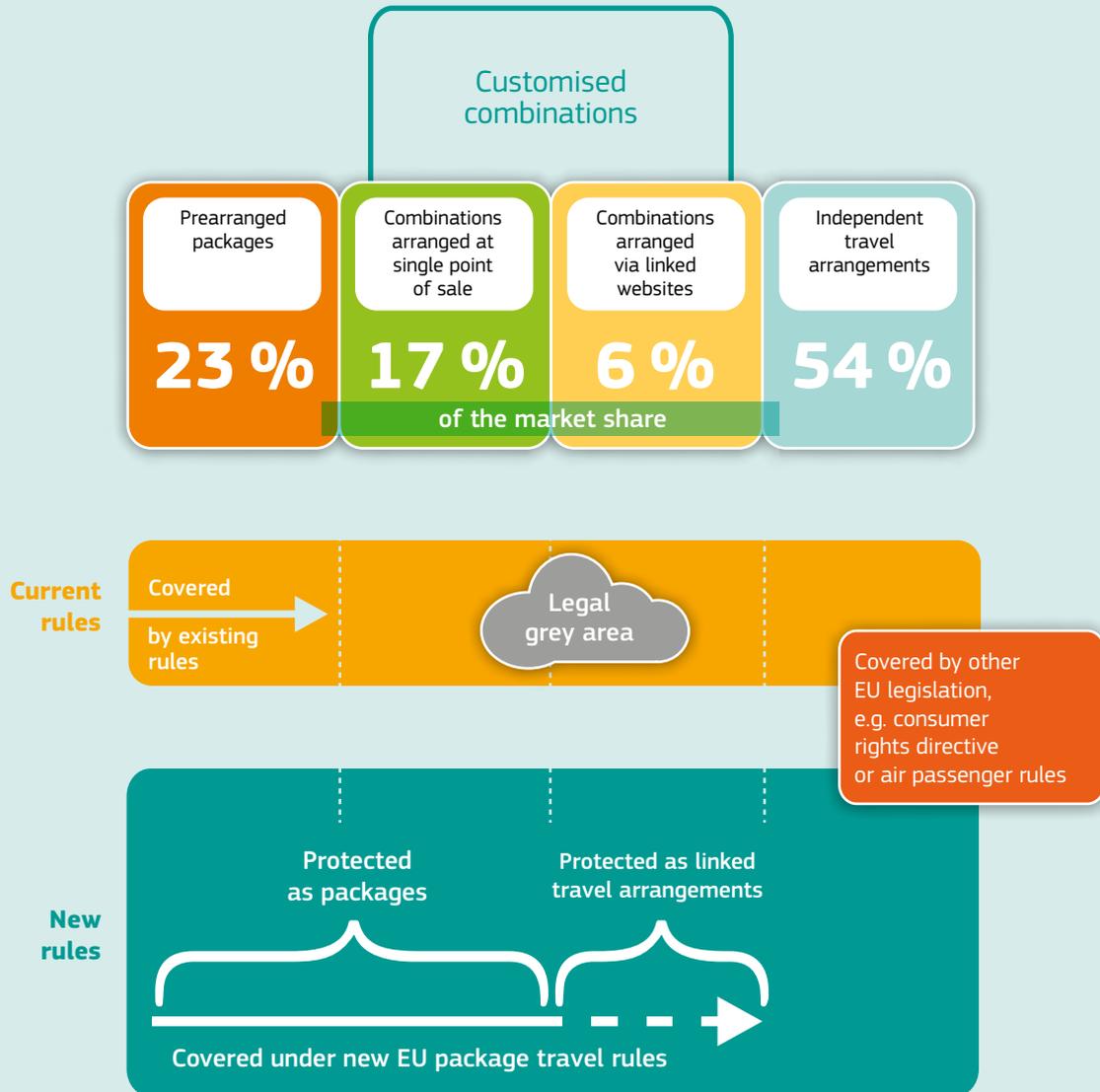
### Solving online disputes is becoming faster and less expensive

During the year the Commission developed and tested the [EU-wide online dispute resolution](#) platform. This platform will, from early 2016 onwards, help EU consumers and traders solve their contractual disputes about goods and services bought online much more rapidly and cheaply than in court.

### Greater protection while travelling

The new [package travel directive](#) was adopted in 2015 and will enter into force in 2018. The new rules will extend cover beyond traditional package holidays to also protect the 120 million consumers who book other forms of combined travel on a website, such as a self-chosen combination of a flight plus hotel or car rental.

## THE NEW PACKAGE TRAVEL DIRECTIVE



Source: European Commission.

### Passengers' rights

In March the Commission published a [report](#) that showed that only five Member States apply the regulation on rail passengers' rights and obligations in full. The Commission adopted [guidelines](#) in July to clarify rules on rail passengers' rights. It also called for the stricter [enforcement of air passengers' rights](#).

### Consular protection

In April the Council adopted the directive on [consular protection](#). It clarifies when and how EU citizens in distress in a country outside the EU have the right to call on other Member States' embassies or consulates for help. Throughout 2015 EU citizens benefited from consular protection from a Member State other than their own, including during crisis situations such as in Nepal and Yemen. Assistance was also provided to EU citizens in cases of loss or theft of documents.

## Gender equality

The proposed directive to improve [gender balance on company boards](#) progressed during 2015. Once adopted the directive will help break the glass ceiling by ensuring fair and transparent selection procedures to increase the share of the under-represented gender on boards.

The annual report on equality between women and men for 2014 showed that, despite progress, gender gaps remain.

In early 2015 the Commission issued policy orientations and a call for action to Member States and the EU institutions to reduce the current gender pension gap of 39%.

## CHAPTER 8

'The recent terrible events in the Mediterranean have shown us that Europe needs to manage migration better, in all aspects. This is first of all a humanitarian imperative. I am convinced that we must work closely together in a spirit of solidarity.'

*Jean-Claude Juncker, political guidelines, 15 July 2014*



# Towards a new policy on migration

In 2015 the world was shocked by the plight of thousands of refugees putting their lives at risk to enter the EU. Throughout the year Europe witnessed one of the biggest mass migrations of people since the Second World War. The EU stepped up its efforts to save lives, fight human trafficking and cooperate with countries of origin and transit. It also launched initiatives to tackle the root causes that force people to escape and migrate. These include poverty, wars, persecution, violations of human rights and natural disasters.

In May the Commission presented the [European agenda for migration](#), setting out a comprehensive approach to migration

management. The agenda aims to reduce the incentives for irregular migration, save lives and secure the external borders of the EU. It provides for the development of a strong common asylum policy and a new policy on legal migration.

In September the Commission mobilised an extra €1.8 billion to address migration and the refugee crisis. By doing so it increased the total EU budget for tackling the crisis to €9.3 billion for 2015-2016. Member States agreed to relocate 160 000 people in need of international protection from those Member States most affected to others. They also agreed to resettle 22 000 refugees from

camps outside the EU. By tripling the funding for its maritime patrolling assets on the central and eastern Mediterranean migratory routes the EU contributed to saving over 252 000 lives. It also redoubled its efforts to tackle smugglers and dismantle human trafficking groups. The EU mobilised around €4 billion to help Syrian refugees both in Syria and in neighbouring countries. In October Commission President Juncker called a leaders' meeting on refugee flows along the western Balkans route.

## The European agenda on migration

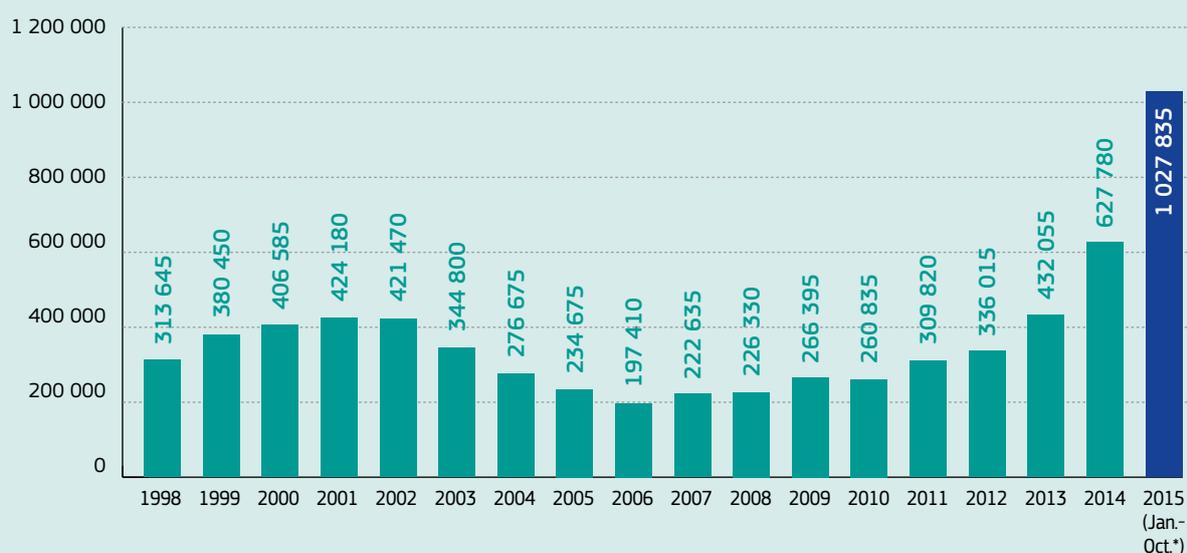
In May the Commission presented the new [European agenda on migration](#), which outlined the immediate measures to be taken to respond to the crisis situation in the Mediterranean as well as a long-term and comprehensive approach to managing migration. The agenda built on a [10-point action plan on migration](#) adopted in April. By the end of May the first proposals under the agenda were adopted.

The Commission proposed to use the [emergency response mechanism](#) under Article 78(3) of the Treaty on the Functioning of the European Union to set up an emergency relocation scheme to assist Italy and Greece. As part of the common policy on asylum, Article 78(3) provides a specific legal basis to deal with emergency situations. Based on a proposal by the Commission, it enables the Council, after consulting the Parliament, to adopt provisional measures for the benefit of Member State(s) confronted with an emergency situation characterised by a sudden inflow of nationals of non-EU countries into one or more Member States. The provisional measures envisaged by Article 78(3) are exceptional in nature. They can only be triggered when a certain threshold of urgency and severity is met. Under the proposed scheme people in need of international protection would be relocated to other Member States.

The Commission also adopted a [recommendation](#) asking Member States to resettle 20 000 people from outside the EU who are in clear need of international protection, as identified by the United Nations Refugee Agency. Member States agreed to this resettlement in July and pledged to resettle over 22 500 people in clear need of international protection over the course of 2015-2017.

The Commission proposed an [EU action plan against migrant smuggling for 2015-2020](#). This plan set out actions to prevent and counter migrant smuggling along the entire migratory route, including setting up a list of suspicious vessels and enhancing cooperation and the exchange of information with financial institutions. It also put in place cooperation with internet service providers and social media to ensure that internet content used by smugglers to advertise their activities is swiftly detected and removed.

### NUMBER OF ASYLUM APPLICATIONS IN THE EU



Note: Methodologies used by Member States prior to 2008 and after the entry into force of Regulation (EC) No 862/2007 in January 2008 may differ.  
\* Provisional data.

Source: Eurostat.

For the common European asylum system to work effectively migrants need to be systematically fingerprinted upon arrival at the external borders of the EU. To this end the Commission published [guidelines](#) for Member States that set out best practices for fingerprinting. In addition migration management support teams from the European Asylum Support Office, Frontex (the EU's border agency) and Europol (the EU's law enforcement agency) work on the ground to identify, register and fingerprint incoming migrants in the so-called hotspot areas. In doing so they ensure that operations are conducted in full respect of fundamental rights and international refugee law standards. By the end of 2015 six hotspots had been identified in Italy and five in Greece, of which two had become operational in Italy (Lampedusa and Trapani) and one in Greece (Lesvos/Moria).

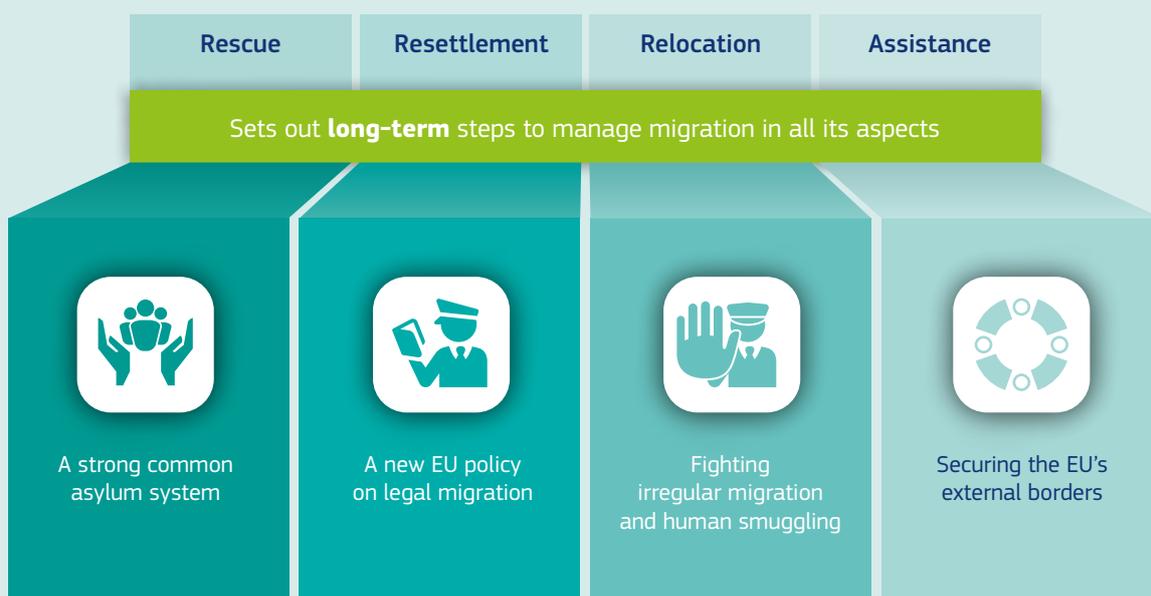
The hotspot operations are part of the balanced management of migrant inflows. They are closely linked to the relocation process (distribution of asylum seekers to other Member States), as well as to the return process for migrants not entitled to international protection (travel back to their country of origin).

One of the immediate responses included in the agenda on migration was the tripling of financial allocations to reinforce the capacities and assets of Frontex's Triton and Poseidon Joint Operations in 2015 and 2016. At the end of December the Poseidon Joint Operation was transformed into the Rapid Border Intervention. An additional €27.4 million was allocated to Frontex in 2015, and the Commission will provide an additional €129.9 million in 2016.

New operational plans for the reinforced joint operations pursued the dual objectives of assisting Member States in search and rescue operations at sea while ensuring the effective control of the EU's external borders. The operational area of Triton was extended and the number of assets was reinforced, which resulted in a huge rise in the number of migrants rescued at sea. The number of migrants rescued through Triton and Poseidon Joint Operations was over 252 000 in 2015.

In addition the new intelligence-led Joint Operational Team Mare was launched in March. Joint Operational Team Mare combats irregular migration in the Mediterranean by tackling organised criminal groups who facilitate migrants' journeys to the EU by ship.

## THE EUROPEAN AGENDA ON MIGRATION



Source: European Commission.

The Triton Joint Operation was carried out throughout 2015, coordinated by the EU's border agency, Frontex.



In light of the gravity of the situation, in September the Commission detailed a set of priority actions to be taken within the following 6 months to implement the European agenda on migration. The Commission presented a [report](#) on the progress made in implementing the priority actions 3 weeks later.

#### Further Commission proposals as the refugee crisis evolved

A [second set of proposals](#) was adopted by the European Council in September. This package included an additional activation of the emergency response mechanism for the benefit of Greece, Italy and Hungary. It was proposed that a further 120 000 asylum seekers in clear need of protection should be relocated from Greece, Italy and Hungary on the basis of a mandatory distribution key. During 2015 the European Council agreed to relocate a total of 160 000 people in clear need of international protection in the coming 2 years. The Commission and the EU agencies, together with the Member States, will organise the necessary coordination to implement the mechanism on the ground. The EU budget will provide dedicated funding of €780 million to support the scheme.



Commissioner Dimitris Avramopoulos speaking with refugees in Lampedusa, Italy, 9 October 2015.

The Commission also proposed the establishment of a structural [crisis relocation mechanism](#). This is a temporary solidarity mechanism that could be triggered whenever necessary by the Commission to help any Member State experiencing extreme pressure on its asylum system as a result of a large and disproportionate inflow of non-EU nationals.

The Commission further proposed a regulation aiming to establish an [EU common list of safe countries of origin](#). Such a list will allow for the swifter processing of individual asylum applications from candidates originating from countries considered to be safe, and for faster returns if the individual assessments confirm no right of asylum. Based on the Copenhagen criteria the Commission proposed to put Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Kosovo (this designation is without prejudice to positions on status, and is in line with United Nations Security Council Resolution 1244/1999 and the International Court of Justice Opinion on the Kosovo declaration



EU Heads of State or Government discuss the refugee crisis at the European Council, Brussels, 15 October 2015.

of independence), Montenegro, Serbia and Turkey on the EU list of safe countries of origin. In future other countries may be added to or removed from the list following a thorough assessment by the Commission.

With a view to increasing the return rates of irregular migrants to their home countries in the short and medium term, the Commission proposed an EU [action plan on return](#). This seeks the full application of the EU return directive. The proposals will be applied by the Commission, the Member States and the relevant EU agencies. Together with the European External Action Service the Commission will also step up efforts to ensure that countries of origin follow up on their commitments to readmit their nationals under existing readmission agreements. The action plan was endorsed by the Council in October.

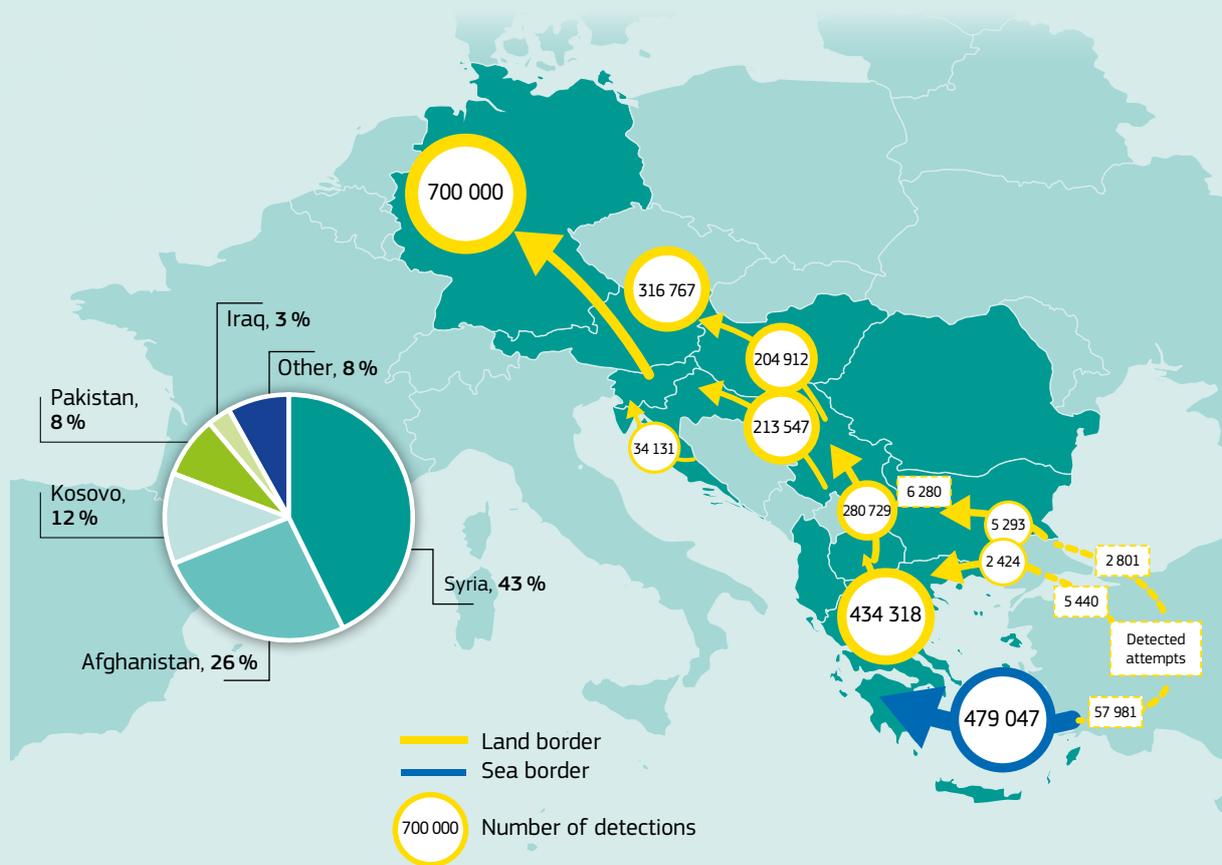
A joint action plan was agreed with Turkey in October and activated by the EU–Turkey Summit in November. The action plan is part of a comprehensive cooperation agenda based on shared responsibility, mutual commitments and delivery. The Commission proposed a Refugee Facility for Turkey to coordinate a total EU contribution of €3 billion to provide support to Syrians under temporary protection and host communities in Turkey. In December the Commission proposed a voluntary humanitarian admission scheme with Turkey for persons displaced by the conflict in Syria.

Donald Tusk, President of the European Council, and Jean-Claude Juncker, President of the European Commission, at the start of the leaders' meeting on the western Balkans route, Brussels, 25 October 2015.



In October President Juncker called a [leaders' meeting](#) on refugee flows along the western Balkans route. Heads of State or Government from 11 Member States attended the meeting and adopted a plan of action. Immediately after the leaders' meeting all participants appointed high-level contact points to coordinate the follow-up actions through weekly videoconferences organised by the Commission. A shared tool to provide information on daily migration flows was established and Member States on the route improved their coordination. In December the Commission published a [progress report](#) on measures taken to tackle the refugee and migration crisis along the western Balkans route.

## IMMEDIATE ACTIONS — WESTERN BALKANS MIGRATORY ROUTE



Source: European Commission.

## IMMEDIATE ACTIONS — SUPPORT FOR NON-EU COUNTRIES

## Humanitarian aid



**+ €500 million**

€200 million for organisations such as the World Food Programme/United Nations High Commissioner for Refugees

€300 million in humanitarian aid in 2016

## EU Trust Fund for Syria



**+ €1 billion**

EU €500 million

Member States €500 million

## EU Emergency Trust Fund for Africa



**+ €3.6 billion**

EU €1.8 billion

Member States €1.8 billion

Source: European Commission.

### Addressing the root causes of migration

During summer 2015 the EU reached out to countries of transit and origin of migrants in an unprecedented way. Migration has become a specific component of ongoing common security and defence policy missions already deployed in countries like Mali and Niger, where more focus was put on border management. A new dialogue with Sahel countries began, focusing on issues such as the control of borders, the fight against international crime networks and development.

The Commission allocated €1.8 billion to set up an Emergency Trust Fund for Africa to help address the root causes of migration throughout the continent. The fund pools money from different financial instruments under the EU budget and will also rely on contributions from Member States. The EU mobilised around €4 billion to help Syrian refugees both in Syria and in neighbouring countries. At the same time the Commission supported United Nations-led diplomatic efforts to move towards a political transition for Syria and stop the conflict there. The same goes for Libya, where the EU has worked with the United Nations to promote the formation of a government of national accord.

### Legal migration

Legal channels for immigration and transparent, easy and fair procedures for regular migrants contribute to the prevention of irregular migration and migrant smuggling. The European agenda on migration aims to improve the management of legal migration at EU level in order to better address labour and skills shortages, particularly in sectors such as science, technology and engineering. It also aims to make the EU more attractive for highly skilled migrants.

The Commission launched a public [consultation](#) in May with a view to revising the existing EU 'Blue card' scheme, which is currently underused. The scheme facilitates the recruitment of highly qualified non-EU nationals through a harmonised fast-track procedure for issuing a special residence and work permit. The results of the consultation will feed into the revision of the 'Blue card' scheme in 2016 as part of a comprehensive package on legal migration.

The EU has entered into a dialogue with the private sector, trade unions and other social partners to better understand the varying needs of Europe's economy and labour markets. The dialogue also provides for the exchange of best practices for attracting skills from abroad, as well as better developing and employing the skills of those who have already arrived.

### Borders and visas

In 2015 the first Schengen *acquis* implementation evaluations were carried out in accordance with the new evaluation and monitoring mechanism. In June the Commission adopted a [proposal for a new European visa sticker](#), the uniform format and technical specifications of which will help fight fraud, which has been on the rise in recent years. It will replace the current uniform visa format, which Member States use when issuing the so-called Schengen visa (short-stay visa). The current format has been in use since 1995.

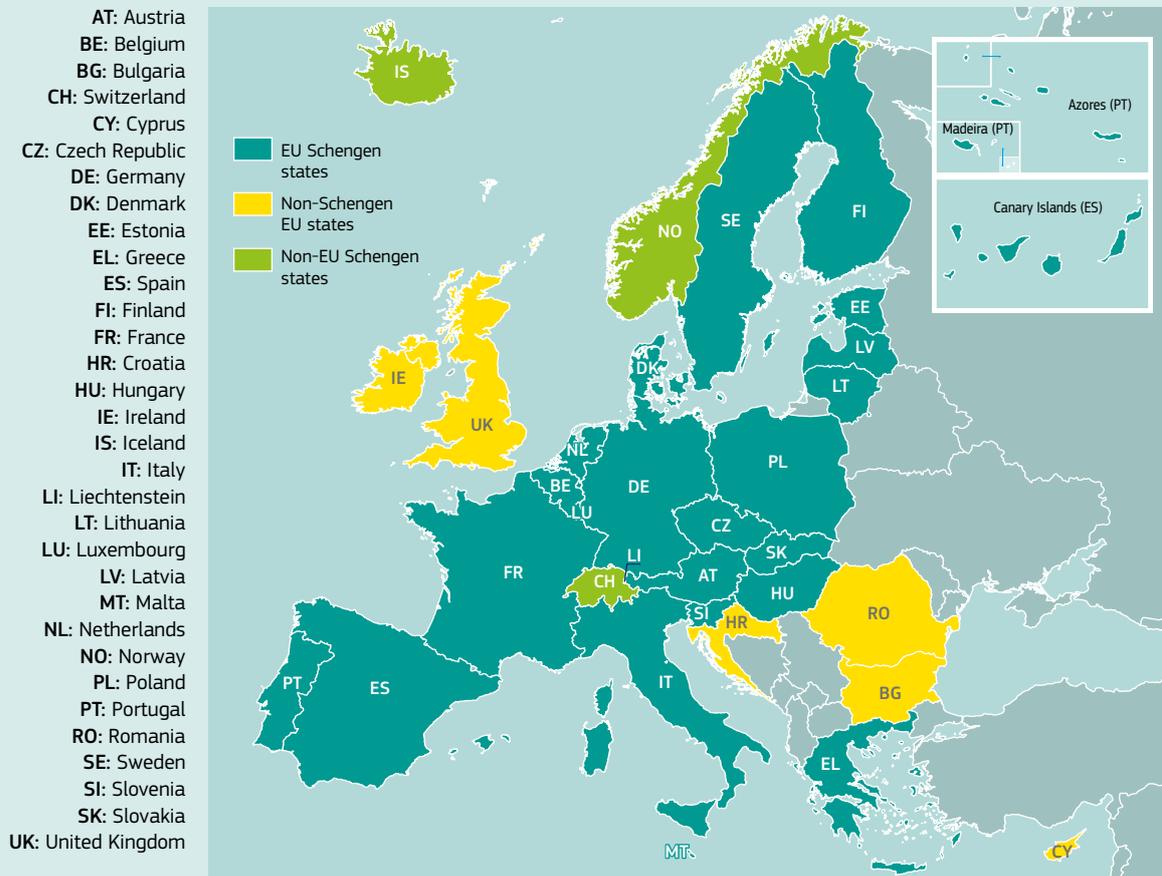
The worldwide roll-out of the visa information system was completed in November 2015. The visa information system database now contains all data related to visa applications by non-EU nationals who require a visa to enter the Schengen area, including biometric data (fingerprints and a digital facial image). The system prevents irregular border crossings and the forgery of Schengen visas, and also allows for visa applications to be processed more rapidly thanks to the use of biometrics.

During 2015 the EU signed visa waiver agreements with 12 non-EU countries (Colombia, Dominica, Grenada, Palau, Saint Lucia, Saint Vincent and the Grenadines, Samoa, Timor-Leste, Tonga, Trinidad and Tobago, the United Arab Emirates and Vanuatu). These agreements are now being applied on a provisional basis, pending their ratification. This means that nationals from these 12 countries can already travel without a visa to the EU and that EU citizens do not need a visa to visit these countries.

## ENTERING THE EU — BORDERS AND VISAS

### The Schengen area of free movement

An area without borders where EU citizens and non-EU nationals may move freely



Source: European Commission.

In July the Commission launched a [public consultation](#) on the [smart borders package](#). The aim of this package is to facilitate the border crossing of legitimate travellers entering the Schengen area for a short stay while increasing the possibility of identifying overstayers and irregular migrants and implementing return decisions. It will also ensure better identification of non-EU nationals and allow the detection of people using several identities.

In October the European Council set out further orientations, including work towards the gradual establishment of an integrated management system for external borders. In December the Commission adopted the border package, containing, among other items, a proposal establishing the European Border and Coast Guard, thus reinforcing Frontex's mandate to ensure the strong and shared management of the external borders. A new European Border and Coast Guard Agency will be created from Frontex and the Member State authorities responsible for border control in order to exercise day-to-day management of the external border. The package also contains a proposal for a regulation on a European travel document for the return of illegally staying non-EU nationals, the Eurosur handbook and the eighth biannual report on the functioning of the Schengen area. Furthermore, to increase security in the Schengen area, the package includes an amendment to the Schengen Borders Code allowing for systematic checks at external borders on all travellers, including EU citizens and their family members.

### Fighting smugglers at sea: Operation Eunavfor Med

In June Operation [Eunavfor Med](#) was launched to disrupt the business model of human smuggling in the Mediterranean and to help prevent the further loss of lives at sea. Its first phase gathered intelligence on the smugglers' strategies, routes and assets. Phase two, Operation Sophia, with a mandate to intercept and arrest suspected smugglers' vessels on the high seas, began in October. Some 22 Member States contributed to Eunavfor Med with assets, personnel and resources.

## CHAPTER 9

'We need a stronger Europe when it comes to foreign policy. The Ukraine crisis and the worrying situation in the Middle East show how important it is that Europe is united externally.'

*Jean-Claude Juncker, political guidelines, 15 July 2014*



## A stronger global actor

74

In July 2015, following years of EU-led diplomacy, a historic international agreement was reached on Iran's nuclear programme. The EU, together with China, France, Germany, Russia, the United Kingdom and the United States, brokered the agreement. Iran pledged that under no circumstances would it ever seek, develop or acquire nuclear weapons.

Throughout the year the EU continued to play a leading role in international efforts to solve crises in Iraq, Libya, Syria and Ukraine. It worked tirelessly with its international partners against the activities of ISIL/Da'esh.

Due to the above crises, in particular the war in Syria, an increasing number

of people were forced to flee their homes. The EU continued to provide humanitarian aid to people displaced by conflict, tackle the root causes of crises and assist those trying to flee war zones.

During the year the Commission's Directorate-General for Humanitarian Aid and Civil Protection (ECHO) provided food, shelter, protection, healthcare and clean water to more than 120 million people affected by natural disasters or conflict in over 80 countries. The EU also remained committed to promoting respect for human rights across the world and promoting international law through dedicated human rights dialogues, advocacy in

multilateral forums and the European Instrument for Democracy and Human Rights.

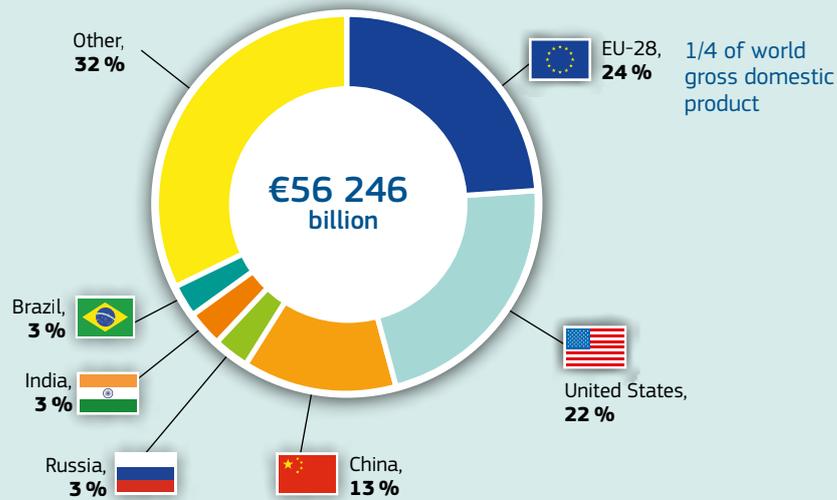
2015 was also the European Year for Development. With the political support of the EU and its Member States, the United Nations General Assembly adopted new sustainable development goals. These set out a global framework to achieve sustainable development and poverty eradication. The EU remained the world's largest donor of development assistance in 2015.

## European neighbourhood policy

Through its [European neighbourhood policy](#) the EU works with its southern and eastern neighbours towards [closer political association and economic integration](#).

### THE EU IS AN ECONOMIC HEAVYWEIGHT

#### Global gross domestic product



The world's largest trading block  
The top trading partner for 80 countries



The world's largest source and destination of foreign direct investment



The world's third largest energy producer



The world's largest aid donor  
€58.2 billion provided by the EU and the Member States

Source: Eurostat, figures for 2013 and 2014.

### Eastern neighbourhood

The Riga Eastern Partnership Summit in May provided further momentum to the EU's relations with its six eastern partners. The EU has signed association agreements with Georgia, Moldova and Ukraine, including provisions establishing deep and comprehensive free trade agreements.

The EU is implementing a number of measures to support the reform process, including an €11 billion support package announced in March 2014, of which over €6 billion had already been mobilised by mid 2015. In addition, as part of a broader peace process in Ukraine, the EU continued to engage in talks on gas deliveries and on practical aspects of the implementation of the deep and comprehensive free trade agreements. It also continued to push for the implementation of the Minsk agreements and the application of sanctions against Russia.

### Southern neighbourhood

Negotiations for a deep and comprehensive free trade agreement with Tunisia were launched in October, with one negotiating round already held before the end of the year. Progress in the negotiations for a deep and comprehensive free trade agreement with Morocco was limited in 2015. The preparatory process for launching deep and comprehensive free trade agreement negotiations with Jordan also continued.

Martin Schulz, President of the European Parliament (third from left), Donald Tusk, President of the European Council (fourth from left), and Jean-Claude Juncker, President of the European Commission (right), with European and African Heads of State or Government at the Valletta Summit on migration, Valletta, Malta, 11 November 2015.



The Valletta Summit on Migration in November brought together the leaders of EU and key African countries in order to discuss migration challenges. The summit resulted in the EU setting up an Emergency Trust Fund to promote development in Africa, in return for African countries helping out with the current migration crisis. The fund pledged €1.8 billion in aid, together with other development assistance of €20 billion per year.

### Libya

The EU supported the United Nations-led talks on reconciling the various factions in Libya. In addition to constant political support for the United Nations Secretary-General's envoy, Martin Kobler, the EU hosted dialogue meetings and provided financial support (€4 million) to keep talks afloat.

### Enlargement negotiations and the western Balkans

The EU continued to assist those countries with a perspective of joining the EU in implementing the reforms necessary to meet membership criteria, with a view to promoting stability, security and prosperity in Europe.



Commissioner Johannes Hahn and Aleksandar Vučić, Prime Minister of Serbia, on the eve of the opening of the first chapter of Serbia's accession negotiation process, Belgrade, 10 December 2015.

The EU played a crucial role in the landmark achievement of the normalisation of relations between Kosovo and Serbia, with High Representative of the European Union for Foreign Affairs and Security Policy/Commission Vice-President Federica Mogherini leading several rounds of the Belgrade–Pristina dialogue.

The EU also played an important role in the political stabilisation and reform of the former Yugoslav Republic of Macedonia, as well as in the agreement reached by the main political parties to overcome the political stalemate in the country.

### Turkey

Presidents Schulz, Tusk and Juncker met with Turkish President Erdoğan in October 2015 to discuss EU–Turkey relations, and specifically the management of refugees and migrant flows. President Schulz visited Turkey in April, while President Tusk visited in September and, together with President Juncker, again in November, to attend the G20 Summit in Antalya. The EU and Turkey also engaged in political dialogue on foreign and security policy, including counterterrorism. Turkey is part of the international coalition against ISIL/Da'esh and continued to provide humanitarian aid to Iraqi/Syrian refugees.



High Representative/Commission Vice-President Federica Mogherini, Commission First Vice-President Frans Timmermans and Donald Tusk, President of the European Council, meet with Ahmet Davutoğlu, Prime Minister of Turkey, at the United Nations General Assembly, New York, United States, 29 September 2015.

At the end of November an EU–Turkey Summit was held in Brussels at which the joint action plan on migration was activated. The EU and Turkey reaffirmed their commitment to further their existing ties and solidarity, enhance cooperation, re-energise the accession process, adopt result-oriented action and hold structured and more frequent high-level dialogues.

In December accession negotiations were opened on economic and monetary policy.

Recep Tayyip Erdoğan, President of Turkey, and Commission First Vice-President Frans Timmermans discuss the migration crisis, Ankara, Turkey, 15 October 2015.



## Strategic partnerships

### United States

Cooperation between the European Union and the United States in 2015 focused on strengthening the bilateral relationship through the [Transatlantic Trade and Investment Partnership](#) negotiations, and also on data protection and privacy negotiations (see Chapter 6). Close cooperation continued on addressing global challenges such as climate change, energy security, nuclear non-proliferation and the nexus between security and development.

### China

2015 marked the 40th anniversary of EU–China relations. In June the EU hosted the 17th EU–China Summit. Both sides agreed to strengthen cooperation on foreign policy, security and global issues. Summit leaders adopted a joint statement prioritising a number of actions implementing the EU–China 2020 strategic agenda for cooperation, as well as a specific joint statement on climate change. China committed itself to stepping up investment in the EU in support of the investment plan for Europe. EU–China investment agreement negotiations continued to progress, and the EU took the opportunity to raise human rights concerns, with both sides agreeing on the importance of continuing dialogue in this regard.

### Russia

Throughout 2015 the EU's relations with Russia continued to be dominated by Russia's interference in Ukraine, including the illegal annexation of Crimea and direct destabilisation of the country. In the course of the year the EU prolonged the restrictive measures that had been imposed in 2014 (visa bans on individuals and entities, economic sanctions and measures related to the annexation of Crimea). At the same time the EU and Russia maintained open lines of communication on global issues and on international crises, most notably regarding Iran. The EU engaged in trilateral talks with Russia and Ukraine as regards gas supply issues, successfully brokering an agreement in September on the winter package of gas deliveries to Ukraine. The EU viewed with unease the internal developments in Russia relating to a deterioration in the human rights situation and further restrictions imposed on civil society.



Commission Vice-President Maroš Šefčovič (centre), Alexander Novak, Russian Minister for Energy (left), and Volodymyr Demchyshyn, Ukrainian Minister for Energy and Coal Industry (right) after reaching agreement on the winter package of gas deliveries to Ukraine, Brussels, 25 September 2015.

## The Middle East

### Iran

High Representative/Commission Vice-President Federica Mogherini, the foreign ministers of the E3/EU+3 (the EU, Germany, France and the United Kingdom, along with China, Russia and the United States) and Iran reached agreement in July on a long-term solution to the Iranian nuclear issue. The [joint comprehensive plan of action](#) ensures the exclusively peaceful nature of the Iranian nuclear programme and provides for the comprehensive lifting of all nuclear-related sanctions. This positive development opens the door to the steady improvement of relations with Iran, provided that the action plan is fully implemented.

High Representative/Commission Vice-President Federica Mogherini (fourth from left) with the foreign ministers of the E3/EU+3 following the agreement reached on the Iranian nuclear issue, Vienna, Austria, 5 July 2015.



### Iraq and Syria

EU action in Iraq is guided by the regional strategy for Syria and Iraq as well as the ISIL/Da'esh threat, adopted by the Council in March. The EU proactively facilitates the efforts of the Global Coalition to Counter ISIL, particularly in the areas of counterterrorism, stabilisation and humanitarian assistance. It also supports the government of Iraq in its reforms promoting inclusiveness and national reconciliation. The EU is a driving force in the United Nations-led international effort to facilitate a political solution to the conflict in Syria, which has forced an estimated 12 million people to leave their homes. The EU has allocated €4 billion to assist Syrians and host communities, particularly in Jordan, Lebanon and Turkey. A substantial funding increase is planned through the new [EU Regional Trust Fund](#) in response to the Syrian Crisis (the 'Madad Fund').

## The EU–Africa partnership

In March 2015 the EU strengthened its action in the Sahel, the Horn of Africa and the Gulf of Guinea when the Council adopted the [Gulf of Guinea action plan for 2015-2020](#). The action plan outlines the EU's support for the efforts of the region and its coastal states to address the many challenges of maritime security and organised crime.

The EU made support available from the earliest stages of the devastating Ebola epidemic that was reported in west Africa in March 2014, providing around €2 billion to contain the outbreak and promote early recovery in the affected countries. The Commission alone committed €870 million, including €70 million for urgent humanitarian assistance.

Commissioner Vytenis Andriukaitis with one of the winners of the 2015 European Health Award, presented to non-governmental organisations that distinguished themselves during the Ebola emergency, Mondorf-les-Bains, Luxembourg, 12 October 2015.



Commissioner Neven Mimica at a water well during his visit to Samburu County, Kenya, 18 September 2015.

The EU undertook six election observation missions in countries in Africa during 2015, concluded a number of economic partnership agreements with African regions and was particularly active in defusing political crises in Burundi, Guinea-Bissau, Mali and South Sudan.

## Human rights in the world

Against the background of instability, protracted conflicts and the migration crisis 2015 was a year of unprecedented challenges to human rights, with serious and widespread violations and increasing harassment of and attacks on activists and non-governmental organisations. The EU continued to advocate for, defend and promote human rights and to provide financial support to civil-society organisations and defenders of human rights worldwide. Human rights dialogues and consultations were held with nearly 40 partner countries, and with many more partners locally. The EU's external action in this area is founded on the EU strategic framework on human rights and democracy, adopted in June 2012, and by the new [action plan](#) adopted by the Council in July 2015, which outlines the priorities and strategy for 2015-2019.

## The European Year for Development

2015 was the [European Year for Development](#), with the motto 'Our world, our dignity, our future'. The main objective was to inform and raise the awareness of EU citizens, especially young people, of the results achieved by the EU and its Member States in development aid. The European Union remained the world's largest donor of development assistance in 2015. During the year the [11th European Development Fund](#), worth €30.5 billion, became fully operational.



EU development aid: sufficient means for great needs?

(Clockwise from front left) François Hollande, President of France, David Cameron, Prime Minister of the United Kingdom, Matteo Renzi, Prime Minister of Italy, Jean-Claude Juncker, President of the European Commission, Donald Tusk, President of the European Council, Shinzō Abe, Prime Minister of Japan, Stephen Harper, Prime Minister of Canada, Barack Obama, President of the United States, and Angela Merkel, Chancellor of Germany, discuss the United Nations Sustainable Development Agenda at the G7 Summit, Krün, Germany, 7 June 2015.



In 2015 the United Nations General Assembly adopted new sustainable development goals that will guide global efforts to achieve sustainable development in the period leading up to 2030. The EU has been a strong supporter of the 17 goals and will ensure that they are implemented at home and abroad.

## Responding to humanitarian crises and emergencies

The worldwide trend of increasing man-made and natural disasters continued during the year. The Commission's [Directorate-General for Humanitarian Aid and Civil Protection \(ECHO\)](#) provided relief assistance of over €1.5 billion including [food](#), [shelter](#), [protection](#), [healthcare](#) and clean [water](#) to more than 120 million people in over 80 countries.

In 2015 the Commission allocated €361 million in [humanitarian aid](#) to help children, women and men caught up in the humanitarian disaster inside [Syria](#) and in neighbouring [Jordan](#), [Lebanon](#) and [Turkey](#). Collectively the EU has allocated more than €5 billion to assist Syrians and host communities in neighbouring countries since the start of the conflict. A further increase in funding is planned through the new [EU Regional Trust Fund](#) in response to the Syrian crisis.



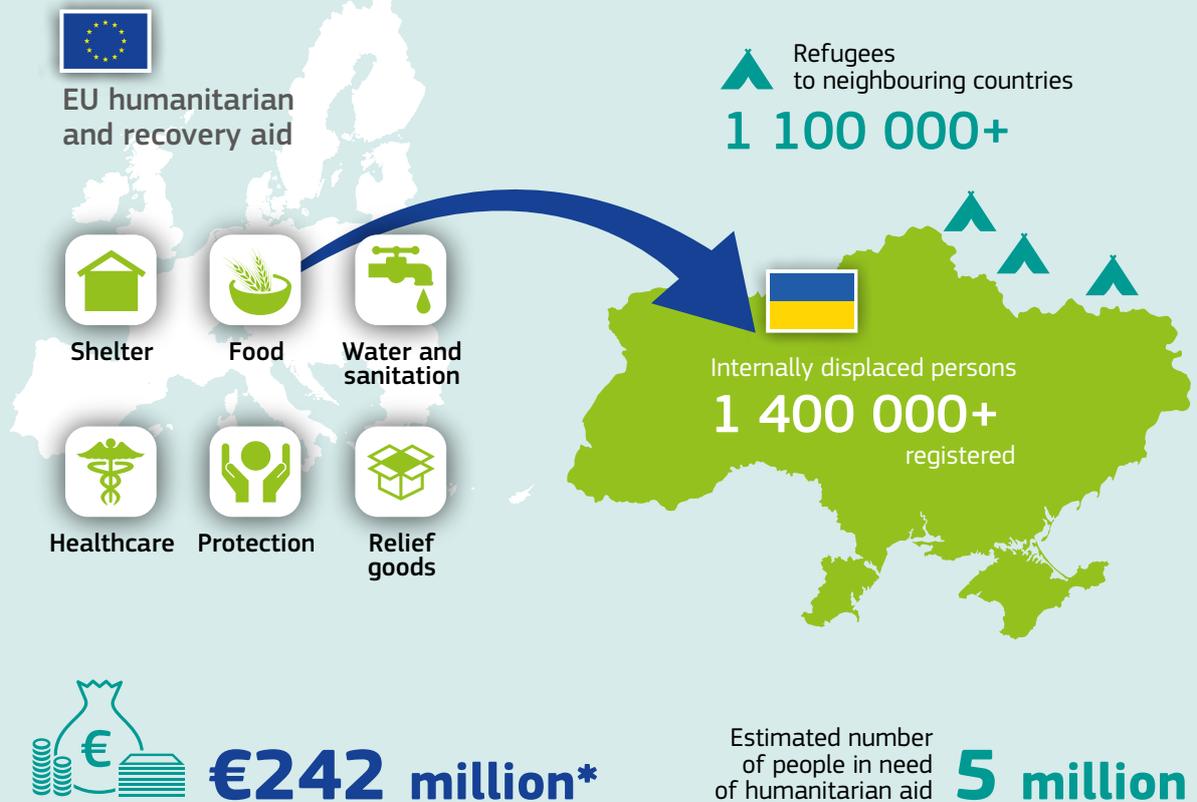
Commissioner Christos Stylianides helps distribute EU relief assistance in Nepal after the earthquake which killed over 8 500 people and left many more injured, Khokana, Nepal, 2 May 2015.

The Commission also substantially scaled up its humanitarian support in [Iraq](#), to a total of €104.65 million, in response to a crisis that has left over 10 million people in need of life-saving assistance.

To assist populations affected by forced displacement, food insecurity and acute malnutrition as a result of the ongoing conflict in Yemen the Commission allocated €52 million in humanitarian funding.

Throughout 2015 the EU continued its support for Ukraine by providing €242 million in aid.

## UKRAINE CRISIS



\* EU institutions' and Member States' contributions.

Sources: EU, United Nations High Commissioner for Refugees, International Organisation for Migration.

By the end of 2015 more than 1.5 million children growing up in conflict and emergency areas had benefited from humanitarian projects providing access to education and psychosocial support under the umbrella of the 'EU children of peace' initiative.

Also in 2015 the EU Civil Protection Mechanism was activated for 25 emergencies in disaster-stricken countries around the world.

## Security and defence

In June the European Council called on High Representative/Commission Vice-President Federica Mogherini to prepare an EU global strategy on foreign and security policy in close cooperation with Member States, to be submitted to the European Council by June 2016. The aim of the new strategy will be to provide a broad vision for the EU's global role, with the emphasis being on EU actions that can add most value to national capabilities.

The fight against terrorism continued to take centre stage in the work of the EU during the year. Counterterrorism and security experts were appointed to seven EU delegations, and counterterrorism and political dialogues were held with a number of countries and international institutions, such as the United Nations and the Association of Southeast Asian Nations. The EU continued to strengthen its comprehensive approach to external conflict and crises. It was active in supporting conflict prevention measures in more than 30 countries, including through mediation and analytical work.



Ban Ki-moon, Secretary-General of the United Nations, meets with High Representative/Commission Vice-President Federica Mogherini, Brussels, 27 May 2015.

## CHAPTER 10

'The proposal and election of the President of the European Commission in the light of the outcome of the European Parliament elections is certainly important, but only a first step in making the European Union as a whole more democratic. A European Commission under my leadership will be committed to filling the special partnership with the European Parliament ... I am also committed to enhanced transparency when it comes to contact with stakeholders and lobbyists ... I also intend to review the legislation applicable to the authorisation of genetically modified organisms.'

*Jean-Claude Juncker, political guidelines, 15 July 2014*



# A Union of democratic change

84

In 2015 the European Parliament provided significant input in debates ranging from the economic situation in Greece to the refugee crisis. In October it held discussions with the German Chancellor, Angela Merkel, and the French President, François Hollande. It was the first time in over 30 years that the leaders of the EU's two largest Member States had addressed the Parliament together. Also in October the Parliament awarded the Sakharov Prize for Freedom of Thought to Saudi Arabian blogger and human rights activist Raif Badawi.

Latvia and Luxembourg held the rotating Presidency of the Council of the European Union in 2015. The Council's

agendas were driven by the year's major developments, such as the tensions in Ukraine, terrorism, the refugee crisis and the situation in Greece.

The European Economic and Social Committee and the Committee of the Regions focused their activities on the Commission's work programme for 2015. Georges Dassis was elected as the new President of the European Economic and Social Committee, while Markku Markkula was elected as the new President of the Committee of the Regions.

National parliaments continued to express their views on EU matters via the political dialogue with

the European Commission and the Subsidiarity Control Mechanism. The mechanism allows national parliaments in the EU to issue opinions if they consider that EU draft legislation does not comply with the principle of subsidiarity. Members of the Commission made numerous visits to national parliaments to explain key priorities and major political initiatives.

During 2015 the Commission organised 53 citizens' dialogues throughout the EU, enabling citizens to make their voices heard by EU decision-makers.

## The European Parliament at the centre of EU political life

Throughout 2015 the Parliament debated and provided input on several policy issues. Many high-profile visitors addressed the Parliament during the year, including Laimdota Straujuma, Prime Minister of Latvia, His Majesty King Abdullah II of Jordan, Ban Ki-moon, Secretary-General of the United Nations, Tsakhiagiin Elbegdorj, President of Mongolia, Alexis Tsipras, Prime Minister of Greece, Xavier Bettel, Prime Minister of Luxembourg, His Majesty King Felipe VI of Spain, François Hollande, President of France, Angela Merkel, Chancellor of Germany, Sergio Mattarella, President of Italy, and the heads of EU institutions.



Martin Schulz, President of the European Parliament, Angela Merkel, Chancellor of Germany, His Majesty King Felipe VI of Spain and François Hollande, President of France, at the European Parliament, Strasbourg, 7 October 2015.



The European Parliament awarded the [Sakharov Prize for Freedom of Thought](#) to Saudi Arabian blogger and human rights activist Raif Badawi.

## New presidents for the EU's two advisory bodies

Georges Dassis was elected President of the European Economic and Social Committee on 7 October 2015.



Markku Markkula was elected President of the Committee of the Regions on 12 February 2015.

## Better regulation

In May the Commission took positive steps to increase openness and transparency in the EU decision-making process while improving the quality of new laws and promoting the systematic review of existing EU law when it adopted the [better regulation agenda](#).

This package of reforms introduced several new measures, including new consultations and possibilities for feedback that will provide more opportunities for enhanced stakeholder involvement and for more public consultation. In July the Commission launched a facility for stakeholders to provide [feedback on roadmaps](#), [inception impact assessments](#) and [adopted proposals](#), opening its policymaking process to further public scrutiny and input. This is the first step in implementing a better regulation portal, offering user-friendly access to the processes involved in EU lawmaking.

In addition a new [Regulatory Scrutiny Board](#) came into being in July. It provides a reinforced central quality control and support function for Commission impact assessments and evaluations. Along with its chair the board will have six full-time members, three of whom will be recruited from outside the EU institutions.

In December the Commission endorsed a new [interinstitutional agreement on better lawmaking](#) with the Parliament and the Council to improve the quality and the results of EU legislation. It will bring changes across the full policymaking cycle, from consultations and impact assessments to the adoption, implementation and evaluation of EU legislation. The text was negotiated with the Parliament and the Council and must be approved by all three institutions before entering into force.

### REFIT platform

REFIT is the Commission's regulatory fitness and performance programme. It comprises high-level Member State experts and stakeholders from businesses and civil society. Its aim is to collect suggestions on the reduction of regulatory burdens in an open dialogue with stakeholders and Member States.

About 200 REFIT initiatives have been taken since 2012. This has been achieved through evaluations, new simplification initiatives, withdrawals and repeals. Progress in implementing REFIT initiatives was reported in the [annual scoreboard](#) published in May. Work continues on making EU law simpler and reducing regulatory costs while maintaining policy benefits.

## REFIT — MAKING EU LAW LIGHTER, SIMPLER AND LESS COSTLY

### State of play and outlook, December 2015

Proposals withdrawn by the Commission, 2006-2015



Source: European Commission.

## Monitoring the application of EU law

In July the Commission adopted its [32nd annual report on monitoring the application of EU law](#), which reviewed the Member States' performance in the correct and timely implementation of EU law in 2014.

The Commission launches infringement procedures when a Member State does not resolve an alleged breach of EU law or has not notified the measures transposing a directive into national law within the agreed deadline. Citizens and stakeholders can directly report suspected breaches of EU law through an online complaint form, which is accessible via the [Your Rights](#) portal. In 2014 the majority of complaints filed concerned employment, the internal market and justice.

Overall trends showed that the number of [formal infringement procedures](#) has decreased in the last 5 years. As in the previous year the environment, transport, and the internal market and services remained the policy areas in which most infringement cases were opened. This decrease reflects the effectiveness of the structured dialogue with Member States via the [EU Pilot](#) mechanism before a formal infringement procedure is launched.

## Transparency and accountability

### A new transparency initiative and the Transparency Register 2.0 launched

Transparency is important for the public legitimacy of the EU decision-making process and for gaining citizens' trust.

In January a new version of the joint [European Parliament–European Commission Transparency Register](#) was launched. The register is a key tool for implementing the Commission's transparency policy. It sheds light on those seeking to influence policymaking in the EU institutions and lists the issues they follow, the clients or members they have, their membership of EU structures and the human and financial resources they invest. All organisations that join the register sign up to its [code of conduct](#), which serves as a moral compass for their relations with the EU institutions.

### Control of the EU budget

After a positive recommendation from the Council, in April the Parliament gave the final approval, known as discharge, to the way the Commission implemented the EU budget in 2013. The discharge is one of the instruments used by the Parliament and the Council to control the way the EU budget is spent. When granted it leads to the formal closure of the accounts of the institution for a given year.



Vice-President Kristalina Georgieva (left) in discussion with Vitor Manuel da Silva Caldeira, President of the European Court of Auditors (centre), Brussels, 23 September 2015.

When deciding whether to grant, postpone or refuse a discharge the Parliament takes into consideration the annual report of the [European Court of Auditors](#). In November the Court presented its annual report on the implementation of the EU budget in 2014. The external auditor of the Commission gave the EU accounts a clean bill of health for the eighth year in a row, and also confirmed that both the revenue side and administrative expenditure were free from significant errors. Moreover, the Court estimated a decreased overall error rate in payments (4.4%) for the second consecutive year.

In this regard it is important to remember that for around 80% of the EU's annual budget, notably in the areas of agriculture and cohesion policy, the Commission has an important control function, but Member States are the ones primarily responsible for the daily management of the EU funds. When administrative errors are identified the Commission and the national authorities in Member States take measures to get back the money. Between 2009 and 2014 the average annual amount of such financial corrections and recoveries was €3.2 billion, or 2.4% of the payments made from the EU budget. This corrective capacity illustrates the multiannual nature of most programmes and the commitment of all public authorities to the protection of taxpayers' money.

### Access to documents

The right of public access to documents is an important tool in the field of transparency. The [annual report on access to documents](#), adopted in August and covering the year 2014, describes how the Commission implemented the [current rules and legislation](#) on this matter.

The annual report clearly illustrates the importance of the right of access to documents as part of the Commission's overall transparency policy. In 2014 the Commission received 6 227 requests for access to documents. The requested documents were fully or partially disclosed in 88 % of cases at the initial stage. Following the services' initial replies the applicants were able to ask the Commission to review its position by introducing a confirmatory application. The Commission reviewed 300 confirmatory applications in 2014. The number of confirmatory requests continued to increase for the seventh year in a row, with a significant 27 % increase in 2014. Wider, additional, access was granted in 43 % of cases at the confirmatory stage, bringing the total percentage of full or partial disclosure decisions to 90 %.

The volume of access requests and the high rate of disclosure of documents show that the right of access to documents is actively used by EU citizens and has resulted in a large number of documents being made available, in addition to the extensive documentation already available on the Commission's website.

### Citizens' right to good administration

In 2015 the [European Ombudsman](#), Emily O'Reilly, continued to implement her 'Towards 2019' strategy, which aims to increase the relevance, impact and visibility of the Ombudsman's activities. Among the cases examined by the Ombudsman were own-initiative inquiries on the [composition of Commission expert groups](#) and on [transparency in trilogues](#), as well as an inquiry into the [transparency of the Transatlantic Trade and Investment Partnership negotiations](#).

Emily O'Reilly, European Ombudsman, presents her annual report to Martin Schulz, President of the European Parliament, Brussels, 26 May 2015.



## Review of the decision-making process for the authorisation of genetically modified organisms in Member States

In April the Commission delivered on a commitment in its political guidelines by completing a review of the decision-making process for the authorisation of genetically modified organisms. A [new legislative proposal was submitted](#) that would give Member States the capacity to restrict or prohibit the use of EU-authorised genetically modified organisms in food or feed in their territory, based on domestic reasons other than risks to health or the environment. The science-based authorisation of a genetically modified organism will still be assessed at EU level.

The proposal was submitted for examination under the ordinary legislative procedure to the Parliament and the Council, which recently adopted a directive granting similar capacities to Member States in the field of genetically modified organism cultivation. The Parliament rejected the proposal in October. First-reading discussions continued in the Council.

## The European citizens' initiative

The [European citizens' initiative](#) enables 1 million EU citizens from at least seven Member States to call on the Commission to propose legislation. To date three European citizens' initiatives have been submitted after meeting the necessary requirements and thresholds — 'Right2water', 'One of us' and 'Stop vivisection' — and have been responded to by the Commission.

In March the Commission published a [report on the application of the citizens' initiative](#), reviewing the application of this new instrument since its entry into force in April 2012. The report concluded that organisers faced difficulties in creating the online collection systems for signatures, particularly given the limited time available for collection. The Commission therefore continued to provide temporary hosting solutions to organisers free of charge and commissioned a study to analyse options to develop a sustainable solution for the online collection systems. The report also identified problems faced by organisers regarding, in particular, the divergences between the conditions and personal data required by the Member States in the collection process. The Commission called upon the Member States to harmonise and simplify these requirements.

## Citizens' dialogues

In January 2015 the Commission launched a new series of citizens' dialogues, where citizens can make their voices heard in front of EU decision-makers, thus demonstrating that listening to and holding discussions with citizens is an important part of the EU's democratic policymaking process. Throughout the year the Commission reached out to thousands of citizens, with the Commission President, Vice-Presidents and Commissioners participating in 53 events throughout the EU. The President of the European Parliament, a number of members of the European Parliament and national politicians also participated in the dialogues.



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### EUROPEAN COMMISSION REPRESENTATIONS

#### European Commission Representation in Ireland

12-14 Lower Mount Street  
Dublin 2  
IRELAND

Tel. +353 16341111

Internet: [ec.europa.eu/ireland](http://ec.europa.eu/ireland)

Email: [eu-ie-info-request@ec.europa.eu](mailto:eu-ie-info-request@ec.europa.eu)

#### European Commission Representation in Malta

Dar l-Ewropa  
254, Triq San Pawl  
Valletta VLT 1215  
MALTA

Tel. +356 23425000

Internet: [ec.europa.eu/malta/home\\_en](http://ec.europa.eu/malta/home_en)

Email: [comm-rep-mt@ec.europa.eu](mailto:comm-rep-mt@ec.europa.eu)

#### European Commission Representation in the United Kingdom

Europe House  
32 Smith Square  
London, SW1P 3EU  
UNITED KINGDOM

Tel. +44 2079731992

Internet: [ec.europa.eu/unitedkingdom](http://ec.europa.eu/unitedkingdom)

#### European Commission Office in Northern Ireland

74-76 Dublin Road  
Belfast, BT2 7HP  
UNITED KINGDOM

Tel. +44 2890240708

Internet: [ec.europa.eu/unitedkingdom](http://ec.europa.eu/unitedkingdom)

#### European Commission Office in Scotland

9 Alva Street  
Edinburgh, EH2 4PH  
UNITED KINGDOM

Tel. +44 1312252058

Internet: [ec.europa.eu/unitedkingdom](http://ec.europa.eu/unitedkingdom)

#### European Commission Office in Wales

2 Caspian Point, Caspian Way  
Cardiff, CF10 4QQ  
UNITED KINGDOM

Tel. +44 2920895020

Internet: [ec.europa.eu/unitedkingdom](http://ec.europa.eu/unitedkingdom)

### EUROPEAN PARLIAMENT INFORMATION OFFICES

#### Information Office in Ireland

12-14 Lower Mount Street  
Dublin 2  
IRELAND

Tel. +353 16057900

Internet: [europarl.ie](http://europarl.ie)

Email: [epdublin@europarl.europa.eu](mailto:epdublin@europarl.europa.eu)

#### Information Office in Malta

254 St. Paul Street  
Valletta VLT 1215  
MALTA

Tel. + 356 21235075

Internet: [europarlmnt.eu/en](http://europarlmnt.eu/en)

Email: [epvalletta@europarl.europa.eu](mailto:epvalletta@europarl.europa.eu)

#### Information Office in the United Kingdom

Europe House  
32 Smith Square  
London, SW1P 3EU  
UNITED KINGDOM

Tel. +44 2072274300

Internet: [europarl.org.uk](http://europarl.org.uk)

Email: [eplondon@europarl.europa.eu](mailto:eplondon@europarl.europa.eu)

#### Information Office in Scotland

The Tun, 4 Jackson's Entry  
Holyrood Road  
Edinburgh, EH8 8PJ  
UNITED KINGDOM

Tel. +44 1315577866

Internet: [europarl.org.uk](http://europarl.org.uk)

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