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COMMUNICATION FROM THE COMMISSION

**TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN
ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE
REGIONS**

Commission Work Programme 2014

INTRODUCTION

Signs of economic recovery are now beginning to appear in the European Union after five years of the global financial crisis. They are fragile and are not yet being felt by those who have suffered most from the crisis, among them the young unemployed. We must build on the progress so far and continue the process of reform in Member States under the greatest pressure. Nonetheless, there are clear indications that Europe is gradually emerging stronger and fitter from the crisis as a result of deep economic, financial and fiscal reform and well-targeted measures at European and national level to boost growth and jobs.

There is, however, no room for complacency. 2014 must be a year of delivery and implementation. A year for completing work on the many growth-enhancing proposals pending in the legislative process and for accelerating implementation on the ground. A very strong focus on results in the months ahead will show Europe's citizens and businesses that they can look to the future with confidence.

Promoting growth and jobs will remain at the heart of the European Commission's work programme for 2014. These priorities will drive both the Commission's analysis of the reforms required at national level - where efforts to repair public finances, to reform the structure of the economy and to release growth-enhancing investment should continue unabated - and the initiatives proposed at European level to support economic recovery and job creation and tackle the social consequences of the crisis.

The past five years have seen a concerted effort by the European Union institutions and the Member States to address the key issues facing Europe today. The achievements of this period are considerable: the euro has been safeguarded and strengthened, and the European Union equipped with a reinforced system of economic governance; a new generation of financial supervision and regulation has been put in place, the foundations of the Banking Union have been laid; work on the deepening of the single market has been stepped up; and a political agreement on the EU budget – Europe's growth and investment fund – has been reached. The European Year of Citizens has given an opportunity to reflect on how the EU helps Europeans in their everyday lives and involved citizens in a direct dialogue about the future of the EU. The EU has time and again shown itself as a core player in tackling the global issues of today.

However, the challenges remaining are formidable. Unemployment rates, particularly among young people, remain at levels that are economically and socially intolerable. Small businesses – the lifeblood of the European economy – continue to face difficulties obtaining the finance they need to grow and create jobs. And whilst progress has been made, Europe is still falling short of its ambitions for the single market, in particular in key areas like the digital economy, energy and services.

But our challenges also go beyond the economy. EU action is needed to protect values and promote citizens' rights: from consumer protection to labour rights, from equality to respect for minorities, from environmental standards to data protection and privacy. We need to draw on solidarity and responsibility in tackling the necessary task of managing Europe's borders and ensuring protection of those in need. And experience has confirmed the usefulness of the Commission's role in situations where there is a serious, systemic risk to the rule of law.

At the same time, we need to address structural challenges - and opportunities - such as the fight against climate change, adapting to an ageing population, ensuring that Europe has the education and skills needed, building a more resource efficient economy, finding new sources of competitiveness and innovation in the era of globalisation, and contributing to stability in the wider world. The Commission will strive to ensure that the unique opportunities afforded

by cooperating at the European level to face common challenges will be exploited to the full in the years to come. And in most cases, these are global challenges, for which the EU will need to be an effective global actor.

The Commission Work Programme (CWP) for 2014 will concentrate on continuing this work and delivering tangible results for Europe's citizens. In practical terms, this means working hand-in-hand with the European Parliament and the Council to accelerate the adoption of key pending proposals, to ensure that new EU funding programmes are up and running on time, and to deepen cooperation with and between the Member States to deliver the Europe 2020 strategy through the European Semester.

2014 will also see exploratory work in a number of areas to prepare the decisions of the next Commission. This will include further elaborating on the path towards a deep and genuine Economic and Monetary Union built around the four pillars of economic, fiscal, banking and political union. The upcoming European Parliament elections will provide an important opportunity for a broad debate on how to build a Europe that is more united, stronger and open.

THE KEY CHALLENGES FOR 2014

The priority in early 2014 will be for the European Parliament and the Council to finalise negotiations on a series of existing proposals that have the potential to boost growth and job creation. The Commission will work closely with both institutions to help bring these negotiations to a successful conclusion before the European Parliament elections. Annex I sets out a list of proposals which the Commission considers to be of key importance, and which are sufficiently advanced to have a realistic chance of adoption in the coming months. These include proposals in areas like banking union, the two Single Market Acts, the mobility of workers and the digital agenda.

At the same time, the EU has already agreed a substantial programme of legislation which now needs to be put into operation. The Commission will be working hard to ensure that the benefits flow to EU citizens as quickly as possible. It will continue to work together with Member States to ensure that EU rules are properly implemented and applied, and are rigorously enforced. A particular priority will be the new generation of investment programmes supported by the EU's Multiannual Financial Framework. A smooth and timely start for MFF programmes for the period 2014-2020 will provide a real boost for the European economy. For this to happen, the legislative framework needs to be agreed and the necessary structures, procedures and programmes put in place at national level to start delivering projects on the ground as soon as possible.

The Commission will continue in 2014 to take forward key processes which are embedded as part of the way the EU now works. These include:

- promoting the Europe 2020 goals through the European Semester of economic policy coordination;
- consolidating the progress made in economic governance;
- reporting on progress in economic, social and territorial cohesion;
- taking forward the annual enlargement package and the European Neighbourhood Policy.

It will also build on newer approaches like the Justice Scoreboard and take forward initiatives like the Roma strategy.

Other key objectives which the Commission will pursue include a series of key international negotiations, from the Transatlantic Trade and Investment Partnership with the United States to the international climate negotiations. The Commission will also stand ready to play its full part in tackling developmental challenges and addressing humanitarian and other types of crises.

In addition to consolidating work under way, the Commission is working on a limited number of new initiatives to be presented in 2014 (Annex II). Some of these will complete work foreseen in the 2013 Work Programme, which explicitly included initiatives to be brought forward in the first part of 2014. Others flow from international commitments or are the result of annual policy cycles. With the exception of legal obligations, technical updates and specific urgencies, the Commission will not come forward with other new legislative proposals.

As well as these new initiatives, the Commission will undertake a wide range of preparatory and exploratory work to help prepare the ground for some of the key decisions to be taken in future years. This will include impact assessments and public consultations designed to identify key issues and choices and to examine their potential impacts.

An important part of this reflection is a fresh look at legislation already in place to ensure that it is "fit for purpose". The Commission's recent Communication¹ setting out the results of the Regulatory Fitness and Performance Programme (REFIT) exercise set out a wide-ranging programme of analysis and legislative reform. This will be a major theme for 2014 (Annex III), while Annex IV lists proposals to be withdrawn.

In addition to legislation related to the start of the MFF programmes for the next period and other legislation now at the final stages of adoption (including the items in Annex I), Annex V highlights a selected number of important legislative items that will start to have an impact in the course of 2014.

KEY PRIORITIES FOR 2014

Economic and Monetary Union

With Latvia soon to become the 18th member of the Eurozone, the Commission will continue to work on reinforcing economic governance and completing the Banking Union, in line with the Blueprint for a deep and genuine Economic and Monetary Union. The Commission's recent Communication on the social dimension of EMU has underlined the importance of a more cohesive EMU for European society as a whole. An EMU embedded in Europe's democratic fabric will be the best way to earn the confidence of citizens; further reflection on deepening the EMU will continue in 2014.

In the framework of the European Semester, the coordination of economic policies will be reinforced in 2014 with the second year of implementation of the 'two-pack', which will help to ensure that draft national budgets are in line with the Euro area's fiscal objectives. As in previous years, the Commission will launch the semester with the Annual Growth Survey this

¹ Regulatory Fitness and Performance (REFIT): Results and Next Steps, COM (2013) 685, 2.10.2013.

November. The next generation of cohesion policy programmes will also be geared to supporting the implementation of the country-specific recommendations.

As regards the banking sector and financial regulation, implementation of the Single Supervisory Mechanism and agreement on the Single Resolution Mechanism are top priorities for 2014. The Commission will continue its overhaul of financial regulation and supervision with work in areas such as the structural reform of banks, shadow banking and long-term financing. A sound financial system and implementing all G20 commitments remain prerequisites for a sustainable recovery and long-term financial stability.

In the context of tight and fragmented credit markets across the EU, the Commission will work to improve the ability of the financial system to finance the real economy and to increase the use of financial instruments to maximise the leverage effect of the EU budget. Ongoing work with the European Investment Bank to support access to finance for SMEs will be pursued as a vital lever to restore growth. In all these areas, strong support from Member States will be critical for success.

Another priority is to intensify the fight against undeclared work, tax fraud and tax evasion. The Commission will continue to support efforts to ensure a sound and efficient fiscal platform for public finances, as well as explore how the design and implementation of tax policy can better support the EU economy.

Smart, sustainable and inclusive growth

The new MFF programmes are designed to support the priorities of Europe 2020 and include a wide range of measures to boost investment, promote employment and social inclusion, develop human capital and prioritise reforms with a direct impact on growth and jobs. Work is currently under way to ensure that programmes are fully operational in 2014. This will include finalising the new partnership agreements and corresponding programmes of the European Structural and Investment Funds to achieve tangible and measurable results in each Member State. The adoption of the Innovation Investment Package will also allow for the launching of a number of public-private partnerships in key sectors. The reformed Common Agricultural Policy will also be implemented in order to generate more jobs in rural areas and to build strong foundations for a green economy.

Growth is the key to creating more and better jobs and stronger social cohesion. Combatting youth unemployment is a key priority: the unacceptably high levels of youth unemployment are having severe social consequences and could have serious long-term implications for the future prospects of those affected and for the dynamism of the European economy. Implementation by the Member States of the Youth Guarantee will be of critical importance in kick-starting job creation for young people and in improving the transition from school to work. It is essential to invest in education and skills and increase labour mobility, including by means of reinforced cooperation between public employment services and by removing unjustified or disproportionate obstacles to access to and free movement of regulated and professional services. Tapping into the potential of key growth sectors, such as the green economy, ICT and health and social care, should be a particular priority. Finally, while fiscal and economic reforms are starting to produce positive results, social exclusion and inequality remains an important challenge. Maximising the potential of European Structural and Investment Funds will also make a critical contribution to recovery. Additionally, drivers for boosting education, training, skills, employment and social cohesion will be reinforced through the implementation of EU wide programs such as Erasmus+, the Programme for

Employment and Social Innovation, the European Globalization Adjustment Fund and the Fund for European Aid to the Most Deprived.

To remain competitive in the world, the EU needs to support investment in innovation and research through a full implementation of the Horizon 2020 programme, creating the right market and economic conditions, and better aligning national efforts. A full analysis to identify bottlenecks and opportunities will be conducted to guide future priorities. A modern industrial policy is needed to be able to support businesses effectively and the Commission will reflect on strategic priorities to address current challenges faced by the industry, in particular on standardisation. Access to skilled labour, a fully integrated energy market and an active trade agenda are all areas where the Commission is working to support growth and ensure a level playing field with global competitors.

All this should be backed by a well-functioning single market and fair competition, efficient public administration and predictable and modern regulation. This is a critical task for the Commission. Ensuring full implementation of internal market rules in key areas like services and energy, and completing the modernisation of the state aid rules, will be major steps towards the completion of the single market. Adoption of key measures under the Single Market Act II will also give a boost to strategic sectors for the EU economy and remove obstacles in areas like cross-border investment. The Commission will continue its work on a statute for a European mutual society as part of ensuring a level playing field for all enterprises.

As part of the Commission's work to boost competitiveness across all policy sectors, and particularly to assist SMEs, the REFIT programme is of particular importance. The Commission has screened the body of EU law and proposed a list of specific activities, legislative revisions, repeals and withdrawals as well as evaluations to ensure that EU legislation is 'fit for purpose'. This will be an important contribution to promoting a business-friendly environment by simplifying and streamlining legislation.

A fully integrated and interconnected single market covering telecoms, energy and transport requires affordable, accessible, efficient and secure network infrastructure. This in turn requires the mobilisation of private and public investment, a clear regulatory framework, the development of skills, and investment in innovation, research and development. The implementation of the Connecting Europe Facility will mobilise the EU budget to catalyse private sector investment in strategic network infrastructure. The Commission will continue its work to promote and develop the EU's potential for tourism

In addition, efforts to promote the widespread deployment of digital services and cross-border interoperable solutions will drive the modernisation and transformation of public administrations, stimulating more open and effective public services for business and citizens alike. A modern public sector is an essential part of Europe's answer to the challenges of the 21st century.

All energy consumers should have access to a fully integrated energy market by 2014 and have the additional security of energy links with other Member States. A special focus should be put on the energy retail market to ensure that consumers can fully tap the benefits of the internal energy market. Energy efficiency will also be high on the agenda in 2014 with a view to improving competitiveness and sustainability.

In transport, citizens should enjoy more efficient networks and be able to switch easily between different modes. The adoption of proposals in areas like rail, airports, air traffic

management and ports will both open up new opportunities and support a more competitive infrastructure.

In September the Commission presented a proposal paving the way towards a single market in telecommunications. Adoption of this proposal by the legislators would be an important step towards a dynamic single market for telecommunications by 2015. This will underpin a true Digital Single Market, boosting productivity and giving Europeans access to a rich supply of content as they go online anywhere, anytime and through any device. In addition, swift adoption of the legislative proposals on network and information security, data protection and further work on intellectual property modernisation are vital components of the digital agenda.

From a structural perspective, there remains significant untapped potential for the EU economy to be more productive whilst using fewer resources. Reducing adverse environmental impacts will be critical to a sustainable future. Greater resource efficiency should contribute to growth, jobs and enhanced competitiveness particularly through reduced costs for business, as well as bringing significant benefits for health and the environment, lower energy bills and new opportunities for innovation and investment. This will be at the heart of how to address the challenge of waste in today's society and to use the opportunities of recycling to the full. As well as being at the core of the reformed agricultural policy, the sustainable management of our natural resources is central to Common Fisheries Policy reform, providing the potential for economic growth, particularly in coastal areas and across the whole chain of the fisheries economy..

Proposals for a 2030 framework for climate and energy will provide the framework for the concrete measures now needed to deliver ambitious and timely reductions in greenhouse gas emissions whilst ensuring energy supplies are both secure and affordable. Such a framework should also provide more certainty for investment and open up new job opportunities. 2014 will require a major effort to build on this framework and show how the EU is leading the way ahead of negotiations for an international climate agreement in 2015.

Justice and security

The EU must protect citizens and safeguard their rights. To this end, the effective application of EU rules and the reinforcement of cooperation between national authorities in the areas of security and justice are essential.

This includes helping to fight crime and corruption and the threat of terrorism, and ensuring the respect of fundamental rights. The recurrent tragedies in the Mediterranean, including the latest one in Lampedusa, further reinforce the need for European action, including stronger measures to prevent loss of lives at sea, to support those seeking international protection, to secure protection of EU borders and target human traffickers, and enhance cooperation with third countries.

The EU aims to safeguard health and food and product safety. The implementation of improved rules on the safety of consumer products and on human, animal and plant health are key factors for securing competitiveness, growth and employment. The focus will also be on protecting critical infrastructures and promoting prevention and preparedness against – as well as an efficient response to – disasters. This includes ensuring that nuclear energy is used in line with the highest standards of safety and security

Effective justice systems, a secure environment and clear action against fraud all support the economy, as well as successful policies to boost consumer confidence and health. If people

and businesses are to take full advantage of their rights, they need easy access to justice, on equal terms in all countries, notably in cases of cross-border litigation. The European Public Prosecutor's Office (EPPO), as proposed by the Commission, will also offer more effective pursuit of crimes against the EU's financial interests. The Commission will also envisage further systemic improvements in the OLAF Regulation, which are inspired by those procedural safeguards in the Commission's proposal on the EPPO that can be transposed to OLAF's administrative investigations and enacted even before the EPPO is established.

With the end of the transition period set out in the Lisbon Treaty in 2014, police and judicial cooperation in criminal matters will be fully integrated into the EU's system of law. The Commission will set out how it believes justice and home affairs policies should evolve and deepen as the Stockholm programme comes to an end.

The European Union is built on certain key fundamental values. It relies on the rule of law, and the Commission has been called upon to intervene when the rule of law has seemed under challenge in Member States. The Commission will come forward with a framework to allow for a consistent response to such situations, based on objectivity and the principle of equality between Member States. It would be activated only in situations where there is a serious, systemic risk to the rule of law, and triggered by pre-defined benchmarks.

External action

A united EU is also a more effective global actor. The EU's enlargement agenda helps to consolidate peace and stability at our borders and promotes our fundamental values and democracy. Following the accession of Croatia, the Commission is keeping its engagement with Western Balkans and Turkey. In her dual role, the High Representative/Vice-President has worked to facilitate an important breakthrough in relations between Serbia and Kosovo. Our Neighbourhood Policy pursues the same objectives beyond our borders in our immediate neighbourhood, east and south. Of particular importance in this context is the signature of agreements with Ukraine, Moldova, and Georgia in the East, as well as support for the democratic transition process in the South.

The ongoing crisis in Syria has again underlined the crucial contribution of the EU to tackling crises and continues to call for EU action. Promoting peace and security is a main pillar of the EU's external action and our efforts cannot be confined to the borders of Europe. The EU will continue to promote actions for peace and security in the framework of a comprehensive approach, while focusing on strategic initiatives such as Maritime Security and improving stability in other parts of the world. The use of Taskforces to support democratic transitions will be extended beyond the Southern neighbourhood to countries such as Myanmar.

Global challenges, including promoting stability, sustainable development and political reforms require united action to protect and promote our interests and values. In this context, our external economic relations are an important instrument to reinforce our position in the world. The EU is a leader in world trade, has built strong relationships with a number of key strategic partners and is pursuing an ambitious trade negotiation agenda, as well as the implementation of newly applied agreements and the enforcement of trade rules. The Commission will maintain the pace of negotiations with key partners. It will also continue to work towards agreement at the 9th WTO Ministerial Conference this December on trade facilitation and provides new energy to multilateral negotiations. It has made a proposal on consular protection which would improve assistance to EU citizens in crisis situations. The EU plays a vital role in global economic and financial governance, and has taken the lead on

promoting sustainable development and fighting climate change. The global fight against tax evasion and banking secrecy is now high on the agenda of the G20.

The EU collectively remains the largest donor of global development assistance and humanitarian aid in the world. The Commission is preparing for the MDG/SDG Summit, a new international climate agreement and the post-Hyogo framework for disaster risk management – all important negotiations to prepare for during 2014. It will also be important to launch a reflection on the future of the ACP-EU relationship post 2020.

When the EU acts as one, its influence is amplified. Key to this is ensuring consistency between the internal and external dimension of EU policies. Working towards a single defence market with a view to developing a European defence industrial base will play a key role, as well as contributing to growth and jobs.