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COVER NOTE

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to : Delegations
Subject : **EUROPEAN COUNCIL
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CONCLUSIONS

Delegations will find attached the conclusions of the European Council (19/20 December 2013).

For the first time since the entry into force of the Lisbon Treaty, the European Council held a thematic debate on defence. It identified priority actions for stronger cooperation. This debate was preceded by a meeting with the NATO Secretary-General. He presented his assessment of current and future security challenges and welcomed the ongoing efforts and commitments by the EU and its Member States as being compatible with, and beneficial to NATO.

The European Council welcomed the general approach reached by the Council on the Single Resolution Mechanism, which will be a cornerstone of the Banking Union. The European Council reviewed the economic situation and the progress in implementing the Compact for Growth, Jobs and Competitiveness. The European Council also identified the main features of the Partnerships for Growth, Jobs and Competitiveness to support structural reform, with a view to concluding discussions by October next year.

I. COMMON SECURITY AND DEFENCE POLICY

1. Defence matters. An effective Common Security and Defence Policy helps to enhance the security of European citizens and contributes to peace and stability in our neighbourhood and in the broader world. But Europe's strategic and geopolitical environment is evolving rapidly. Defence budgets in Europe are constrained, limiting the ability to develop, deploy and sustain military capabilities. Fragmented European defence markets jeopardise the sustainability and competitiveness of Europe's defence and security industry.

2. The EU and its Member States must exercise greater responsibilities in response to those challenges if they want to contribute to maintaining peace and security through CSDP together with key partners such as the United Nations and NATO. The Common Security and Defence Policy (CSDP) will continue to develop in full complementarity with NATO in the agreed framework of the strategic partnership between the EU and NATO and in compliance with the decision-making autonomy and procedures of each. This requires having the necessary means and maintaining a sufficient level of investment. Today, the European Council is making a strong commitment to the further development of a credible and effective CSDP, in accordance with the Lisbon Treaty and the opportunities it offers. The European Council calls on the Member States to deepen defence cooperation by improving the capacity to conduct missions and operations and by making full use of synergies in order to improve the development and availability of the required civilian and military capabilities, supported by a more integrated, sustainable, innovative and competitive European Defence Technological and Industrial Base (EDTIB). This will also bring benefits in terms of growth, jobs and innovation to the broader European industrial sector.
3. In response to the European Council conclusions of December 2012, important work has been undertaken by the Commission, the High Representative, the European Defence Agency and the Member States. The Council adopted substantial conclusions on 25 November 2013, which the European Council endorses.
4. On that basis the European Council has identified a number of priority actions built around three axes: increasing the effectiveness, visibility and impact of CSDP; enhancing the development of capabilities and strengthening Europe's defence industry.

a) Increasing the effectiveness, visibility and impact of CSDP

5. In recent years progress has been made in a number of areas relating to CSDP. The numerous civilian and military crisis management missions and operations throughout the world are a tangible expression of the Union's commitment to international peace and security. Through CSDP, the Union today deploys more than 7000 staff in 12 civilian missions and four military operations. The European Union and its Member States can bring to the international stage the unique ability to combine, in a consistent manner, policies and tools ranging from diplomacy, security and defence to finance, trade, development and justice. Further improving the efficiency and effectiveness of this EU Comprehensive Approach, including as it applies to EU crisis management, is a priority. In this context, the European Council welcomes the presentation of the joint communication from the Commission and the High Representative.
6. The Union remains fully committed to working in close collaboration with its global, transatlantic and regional partners. Such collaboration should be further developed in a spirit of mutual reinforcement and complementarity.
7. The European Council emphasises the importance of supporting partner countries and regional organisations, through providing training, advice, equipment and resources where appropriate, so that they can increasingly prevent or manage crises by themselves. The European Council invites the Member States, the High Representative and the Commission to ensure the greatest possible coherence between the Union's and Member States' actions to this effect.

8. The EU and its Member States need to be able to plan and deploy the right civilian and military assets rapidly and effectively. The European Council emphasises the need to improve the EU rapid response capabilities, including through more flexible and deployable EU Battle groups as Member States so decide. The financial aspects of EU missions and operations should be rapidly examined, including in the context of the Athena mechanism review, with a view to improving the system of their financing, based on a report from the High Representative. The European Council invites the Commission, the High Representative and the Member States to ensure that the procedures and rules for civilian missions enable the Union to be more flexible and speed up the deployment of EU civilian missions.
9. New security challenges continue to emerge. Europe's internal and external security dimensions are increasingly interlinked. To enable the EU and its Member States to respond, in coherence with NATO efforts, the European Council calls for:
 - an EU Cyber Defence Policy Framework in 2014, on the basis of a proposal by the High Representative, in cooperation with the Commission and the European Defence Agency;
 - an EU Maritime Security Strategy by June 2014, on the basis of a joint Communication from the Commission and the High Representative, taking into account the opinions of the Member States, and the subsequent elaboration of action plans to respond to maritime challenges;
 - increased synergies between CSDP and Freedom/Security/Justice actors to tackle horizontal issues such as illegal migration, organised crime and terrorism;
 - progress in developing CSDP support for third states and regions, in order to help them to improve border management;
 - further strengthening cooperation to tackle energy security challenges.

The European Council invites the High Representative, in close cooperation with the Commission, to assess the impact of changes in the global environment, and to report to the Council in the course of 2015 on the challenges and opportunities arising for the Union, following consultations with the Member States.

b) Enhancing the development of capabilities

10. Cooperation in the area of military capability development is crucial to maintaining key capabilities, remedying shortfalls and avoiding redundancies. Pooling demand, consolidating requirements and realising economies of scale will allow Member States to enhance the efficient use of resources and ensure interoperability, including with key partner organisations such as NATO. Cooperative approaches whereby willing Member States or groups of Member States develop capabilities based on common standards or decide on common usage, maintenance or training arrangements, while enjoying access to such capabilities, will allow participants to benefit from economies of scale and enhanced military effectiveness.
11. The European Council remains committed to delivering key capabilities and addressing critical shortfalls through concrete projects by Member States, supported by the European Defence Agency. Bearing in mind that the capabilities are owned and operated by the Member States, it welcomes :
 - the development of Remotely Piloted Aircraft Systems (RPAS) in the 2020-2025 timeframe: preparations for a programme of a next-generation European Medium Altitude Long Endurance RPAS; the establishment of an RPAS user community among the participating Member States owning and operating these RPAS; close synergies with the European Commission on regulation (for an initial RPAS integration into the European Aviation System by 2016); appropriate funding from 2014 for R&D activities;

- the development of Air-to-Air refuelling capacity: progress towards increasing overall capacity and reducing fragmentation, especially as regards the establishment of a Multi-Role Tanker Transport capacity, with synergies in the field of certification, qualification, in-service support and training;
 - Satellite Communication: preparations for the next generation of Governmental Satellite Communication through close cooperation between the Member States, the Commission and the European Space Agency; a users' group should be set up in 2014;
 - Cyber: developing a roadmap and concrete projects focused on training and exercises, improving civil/military cooperation on the basis of the EU Cybersecurity Strategy as well as the protection of assets in EU missions and operations.
12. Cooperation should be facilitated by increased transparency and information sharing in defence planning, allowing national planners and decision-makers to consider greater convergence of capability needs and timelines. To foster more systematic and long-term cooperation the European Council invites the High Representative and the European Defence Agency to put forward an appropriate policy framework by the end of 2014, in full coherence with existing NATO planning processes.
13. The European Council welcomes the existing cooperative models, such as the European Air Transport Command (EATC), and encourages Member States to explore ways to replicate the EATC model in other areas.

14. The European Council welcomes the progress achieved in cooperation through the European Defence Agency Code of Conduct on Pooling and Sharing. It encourages the further development of incentives for and innovative approaches to such cooperation, including by investigating non market-distorting fiscal measures in accordance with existing European law. It invites the European Defence Agency to examine ways in which Member States can cooperate more effectively and efficiently in pooled procurement projects, with a view to reporting back to the Council by the end of 2014.
15. Taking into account the frequent recourse to missions which are civilian in nature, the European Council calls for the enhanced development of civilian capabilities and stresses the importance of fully implementing the Civilian Capability Development Plan.

c) Strengthening Europe's defence industry

16. Europe needs a more integrated, sustainable, innovative and competitive defence technological and industrial base (EDTIB) to develop and sustain defence capabilities. This can also enhance its strategic autonomy and its ability to act with partners. The EDTIB should be strengthened to ensure operational effectiveness and security of supply, while remaining globally competitive and stimulating jobs, innovation and growth across the EU. These efforts should be inclusive with opportunities for defence industry in the EU, balanced and in full compliance with EU law. The European Council stresses the need to further develop the necessary skills identified as essential to the future of the European defence industry.

17. A well-functioning defence market based on openness, equal treatment and opportunities, and transparency for all European suppliers is crucial. The European Council welcomes the Commission communication "Towards a more competitive and efficient defence and security sector". It notes the intention of the Commission to develop, in close cooperation with the High Representative and the European Defence Agency, a roadmap for implementation. It stresses the importance of ensuring the full and correct implementation and application of the two defence Directives of 2009, inter alia with a view to opening up the market for subcontractors from all over Europe, ensuring economies of scale and allowing a better circulation of defence products.

Research – dual-use

18. To ensure the long-term competitiveness of the European defence industry and secure the modern capabilities needed, it is essential to retain defence Research & Technology (R&T) expertise, especially in critical defence technologies. The European Council invites the Member States to increase investment in cooperative research programmes, in particular collaborative investments, and to maximise synergies between national and EU research. Civilian and defence research reinforce each other, including in key enabling technologies and on energy efficiency technology. The European Council therefore welcomes the Commission's intention to evaluate how the results under Horizon 2020 could also benefit defence and security industrial capabilities. It invites the Commission and the European Defence Agency to work closely with Member States to develop proposals to stimulate further dual use research. A Preparatory Action on CSDP-related research will be set up, while seeking synergies with national research programmes whenever possible.

Certification and standardisation

19. Developing standards and certification procedures for defence equipment reduces costs, harmonises demand and enhances interoperability. The European Defence Agency and the Commission will prepare a roadmap for the development of defence industrial standards by mid-2014, without duplicating existing standards, in particular NATO standards. Together with the Commission and Member States, the European Defence Agency will also develop options for lowering the costs of military certification, including by increasing mutual recognition between EU Member States. It should report to the Council on both issues by mid 2014.

SMEs

20. SMEs are an important element in the defence supply chain, a source of innovation and key enablers for competitiveness. The European Council underlines the importance of cross-border market access for SMEs and stresses that full use should be made of the possibilities that EU law offers on subcontracting and general licensing of transfers and invites the Commission to investigate the possibilities for additional measures to open up supply chains to SME's from all Member States. Supporting regional networks of SMEs and strategic clusters is also critically important. The European Council welcomes the Commission proposals to promote greater access of SMEs to defence and security markets and to encourage strong involvement of SMEs in future EU funding programmes.

Security of Supply

21. The European Council emphasises the importance of Security of Supply arrangements for the development of long-term planning and cooperation, and for the functioning of the internal market for defence. It welcomes the recent adoption within the European Defence Agency of an enhanced Framework Arrangement on Security of Supply and calls on the Commission to develop with Member States and in cooperation with the High Representative and the European Defence Agency a roadmap for a comprehensive EU-wide Security of Supply regime, which takes account of the globalised nature of critical supply chains.

d) Way forward

22. The European Council invites the Council, the Commission, the High Representative, the European Defence Agency and the Member States, within their respective spheres of competence, to take determined and verifiable steps to implement the orientations set out above. The European Council will assess concrete progress on all issues in June 2015 and provide further guidance, on the basis of a report from the Council drawing on inputs from the Commission, the High Representative and the European Defence Agency.

II. ECONOMIC AND SOCIAL POLICY

23. The European Council welcomes the 2014 Annual Growth Survey and the Alert Mechanism Report presented by the Commission. It acknowledges that while the economic recovery is still modest, uneven and fragile, the economic outlook is gradually becoming more positive. Differentiated, growth-friendly fiscal consolidation, internal rebalancing and banks' balance sheet repair are all further progressing. Unemployment has stabilised, albeit at unacceptably high levels. Determined and ambitious implementation of agreed policies will support economic recovery and job creation in 2014 and 2015.
24. Member States and the European Union will continue to take determined action to promote sustainable growth, jobs and competitiveness in accordance with the five priorities set out in the Annual Growth Survey.

25. The Annual Growth Survey identifies areas where important challenges prevail and where further progress is needed. Specific attention should be given to enhancing the functioning and flexibility of the single market for products and services, improving the business environment, and further repairing banks' balance sheets with a view to addressing financial fragmentation and restoring normal lending to the economy. Priority should be given to enhancing competitiveness, supporting job creation and fighting unemployment, particularly youth unemployment including through the full implementation of the youth guarantee, and to the follow-up of reforms regarding the functioning of labour markets.

Policies should focus in particular on:

- reinforcing tax and other incentives for job creation, including shifting taxes away from labour;
- extending working lives, increasing labour market participation, stepping up active labour market measures and continuing to modernize education and training systems, including life-long learning and vocational training;
- ensuring that labour cost developments are consistent with productivity gains;
- addressing skills mismatches;
- increasing labour mobility.

Policies fostering innovation and leading to productivity gains remain crucial.

Implementation of the Compact for Growth and Jobs

26. The Compact for Growth and Jobs agreed in June 2012 remains one of the EU's major tools aimed at re-launching growth, investment and employment as well as making Europe more competitive. The implementation of the Compact remains the key element to fulfil these objectives. While substantial progress has been achieved in a number of areas, efforts should continue to ensure that the potential of the Compact is used to its fullest extent. This should be kept under regular review by the Council. The European Council also welcomes the adoption of the 2014-2020 Multiannual Financial Framework and associated financial programmes which support the achievement of the Europe 2020 Strategy.

The fight against youth unemployment remains a key objective of the EU strategy to foster growth, competitiveness and jobs. In this context, the European Council calls on Member States that have not yet submitted their Youth Guarantee Implementation Plans to do so without delay. It recalls its commitment to make the Youth Employment Initiative (YEI) fully operational by January 2014.

Restoring normal lending to the economy, in particular to SMEs, remains a priority. The European Council welcomes the implementation of the EIB capital increase enabling the bank to step up its lending across the EU by 38%, to EUR 62 billion this year. It also welcomes the support by the EIB Group in 2013 of EUR 23.1 billion for SME businesses and mid-cap companies throughout the EU 28. In line with its October 2013 conclusions, the European Council reiterates its call to launch the SME initiative in January 2014, while work should continue on further developing tools for the future. It calls on the Member States participating in the SME initiative to inform the Commission and the EIB about their contributions by the end of the year. Against this background, it welcomes the EIB's new mandate to the European Investment Fund (EIF) of up to EUR 4 billion and calls on the Commission and the EIB to further enhance the EIF capacity through an increase in its capital with a view to reaching final agreement by May 2014.

The European Council calls for enhanced efforts in particular as regards the swift adoption of remaining legislation under the Single Market Acts I and II, and the swift implementation of the measures they contain. It specifically calls on the co-legislators to swiftly come to an agreement on the last two outstanding legislative proposals under Single Market Act I ("posting of workers" and "e-identification").

The European Council also calls for further action to reduce the burden of regulation through the implementation and further development of the REFIT programme and looks forward to agreeing further steps in this direction at its June meeting. It will return to the issue annually in the framework of the European Semester.

27. Recalling its conclusions of May 2013, the European Council calls for further progress at the global and EU levels in the fight against tax fraud and evasion, aggressive tax planning, base erosion and profit shifting (BEPS) and money laundering. The European Council welcomes work undertaken in the OECD and other international fora to respond to the challenge of taxation and ensure fairness and effectiveness of tax systems, in particular the development of a global standard for automatic exchange of information, so as to ensure a level playing-field. Building on the momentum towards more transparency in tax matters, the European Council calls on the Council to reach unanimous political agreement on the Directive on administrative cooperation in early 2014. It calls for speeding up the negotiations with European third countries and asks the Commission to present a progress report to its March meeting. In the light of this, the revised Directive on the taxation of savings income will be adopted by March 2014. The European Council takes note of the Council report to the European Council on tax issues, welcomes the establishment by the Commission of the High Level Expert Group on Taxation of the Digital Economy, and invites the Commission to propose effective solutions compatible with the functioning of the Internal Market, taking into account the work of the OECD, and to report back to the Council as soon as possible. Progress should also be made quickly towards agreement on amending the Parent-Subsidiary Directive.

The European Council calls for further progress on the disclosure of non-financial information by large groups.

III. ECONOMIC AND MONETARY UNION

28. Since the presentation last December of the report "Towards a genuine EMU" work has progressed on the key building blocks to strengthen the architecture of the Economic and Monetary Union (EMU). The European Council has focused its discussions on the banking and economic union. This process builds on the EU's institutional framework, in full respect of the integrity of the Single Market while ensuring a level playing-field between EU Member States. It will be open and transparent towards Member States not using the single currency.

Banking Union

29. The European Council welcomes the final agreement reached by the legislators on the Deposit Guarantee Scheme directive and the Bank Recovery and Resolution Directive. It also welcomes the general approach and the specific conclusions reached by the Council on the Single Resolution Mechanism (SRM). Alongside the already adopted Single Supervisory Mechanism, the SRM will represent a crucial step towards the completion of the Banking Union. The European Council calls on the legislators to adopt the SRM before the end of the current legislative period

Partnerships for Growth, Jobs and Competitiveness

30. Significant progress in economic governance has been achieved in recent years. The Europe 2020 Strategy and the European Semester constitute an integrated process of policy coordination to promote smart, sustainable and inclusive growth in Europe. In the euro area, the coordination of economic policies needs to be further strengthened to ensure both convergence within the EMU and higher levels of sustainable growth. Closer coordination of economic policies will help detect economic vulnerabilities at an early stage, and allow for their timely correction.
31. To achieve this, it is essential to increase the level of commitment, ownership and implementation of economic policies and reforms in the euro area Member States, underpinned by strong democratic legitimacy and accountability at the level at which decisions are taken and implemented.
32. In this context, it is crucial to facilitate and support Member States' reforms in areas which are key for growth, competitiveness and jobs and which are essential for the smooth functioning of the EMU as a whole. Partnerships based on a system of mutually agreed contractual arrangements and associated solidarity mechanisms would contribute to facilitate and support sound policies before countries face severe economic difficulties.

33. This system would be embedded in the European Semester, open to non euro area Member States and fully compatible with the Single Market in all aspects. It would apply to all euro area Member States except for the Member States subject to a macroeconomic adjustment programme.
34. Mutually agreed contractual arrangements would cover a broad range of growth and job-enhancing policies and measures, including the performance of labour and product markets, the efficiency of the public sector, as well as research and innovation, education and vocational training, employment and social inclusion. They would reflect the economic policy priorities identified in the European Council's shared analysis of the economic situation in the Member States and the euro area as such, and take into account the country-specific recommendations.
35. The system of partnerships would include associated solidarity mechanisms offering support, as appropriate, to Member States engaging in mutually agreed contractual arrangements, thus helping investment in growth and job-enhancing policies.

36. Further work will be pursued on the basis of the following main features:

- Mutually agreed contractual arrangements will be a "home-grown" commitment which constitutes a partnership between the Member States, the Commission and the Council. The National Reform Programme submitted by each Member State in the context of the European Semester will be the basis for the mutually agreed contractual arrangements, also taking into account the Country Specific Recommendations. Mutually agreed contractual arrangements will be tailored to the needs of each individual Member State and will focus on a limited number of key levers for sustainable growth, competitiveness and job creation. The economic policy objectives and measures included in the mutually agreed contractual arrangements should be designed by the Member States, in accordance with their institutional and constitutional arrangements, and should ensure full national ownership through appropriate involvement of national parliaments, social partners, and other relevant stakeholders. They should be discussed and mutually agreed with the Commission, before being submitted to the Council for approval. The Commission will be responsible for keeping track of the agreed implementation of the mutually agreed contractual arrangements on the basis of jointly agreed timelines.

- On the associated solidarity mechanisms, work will be carried forward to further explore all options regarding the exact nature (e.g. loans, grants, guarantees), institutional form and volume of support while ensuring that these mechanisms do not entail obligations for the Member States not participating in the system of mutually agreed contractual arrangements and associated solidarity mechanisms; they should not become an income equalisation tool nor have an impact on the Multi-annual Financial Framework; they should respect the budgetary sovereignty of the Member States. Any financial support agreement associated with mutually agreed contractual arrangements will have a legally binding nature. The President of the EIB will be associated to this work.

37. The European Council invites the President of the European Council, in close cooperation with the President of the European Commission, to carry work forward on a system of mutually agreed contractual arrangements and associated solidarity mechanisms, on the basis of the orientations above, and to report to the October 2014 European Council with a view to reaching an overall agreement on both of these elements. The Member States will be closely associated to this work.

Social dimension of the EMU

38. The European Council reiterates the importance of employment and social developments within the European Semester. On the basis of work undertaken by the Council, the European Council confirms the relevance of the use of a scoreboard of key employment and social indicators as described in the Joint Employment Report.
39. Work must also continue speedily on the use of employment and social indicators along the lines proposed by the Commission with the objective of using these new instruments in the 2014 European Semester. The use of this wider range of indicators will have the sole purpose of allowing a broader understanding of social developments.
40. Further measures to enhance the social dimension in the Euro area are voluntary for those outside the single currency and will be fully compatible with the Single Market in all aspects.

IV. MIGRATION FLOWS

41. The European Council discussed the report of the Presidency on the work of the Task Force for the Mediterranean in the wake of the recent tragedies off the coast of Lampedusa. The European Council reiterates its determination to reduce the risk of further tragedies of this kind from happening in the future.

The European Council welcomes the Commission communication which outlines thirty-eight operational actions. The European Council calls for the mobilisation of all efforts in order to implement actions proposed in the communication with a clear timeframe to be indicated by the Commission. Increased engagement with third countries in order to avoid that migrants embark on hazardous journeys towards the European Union should be a priority. Information campaigns, regional protection programmes, mobility partnerships and an effective return policy are important components of this comprehensive approach. The European Council reiterates the importance it attaches to resettlement for persons in need of protection and to contributing to global efforts in this field. It also calls for the reinforcement of FRONTEX border surveillance operations and actions to fight smuggling and human trafficking, as well as to ensure that appropriate solidarity is shown to all Member States under high migration pressure.

42. The European Council invites the Council to regularly monitor the implementation of the actions. It will return to the issue of asylum and migration in June 2014 in a broader and longer term policy perspective, when strategic guidelines for further legislative and operational planning in the area of freedom, security and justice will be defined. Ahead of that meeting the Commission is invited to report to the Council on the implementation of the actions set out in its communication.

V. ENLARGEMENT AND THE STABILISATION AND ASSOCIATION PROCESS

43. The European Council welcomes and endorses the conclusions adopted by the Council on 17 December on Enlargement and the Stabilisation and Association Process.

VI. EXTERNAL RELATIONS

9th WTO ministerial conference

44. The European Council welcomes the successful outcome of the 9th WTO ministerial conference in Bali. In particular, the new Trade Facilitation Agreement will bring substantial benefits to all WTO members and will stimulate the creation of new jobs and growth. This outcome also contains important decisions to promote the integration of developing countries, especially LDCs, into the world trading system. The European Council reiterates its support for the multilateral trading system and looks forward to a further acceleration of negotiations with a view to concluding the Doha round.

Syria

45. The European Council notes the announcement by UNSG Ban Ki-Moon to convene a conference on Syria on 22 January 2014 to achieve a genuine and inclusive democratic transition in Syria, as outlined in the Geneva communiqué of 30 June 2012. It is deeply concerned by the continuing dire humanitarian situation in Syria and the severe impact of the crisis on neighbouring countries. In view of the Syria pledging conference on 15 January 2014 in Kuwait, the European Council recalls the lead role of the EU in spearheading international aid efforts with over EUR 2 billion mobilised since the beginning of the crisis. The EU is supporting the work of humanitarian organisations, notably the UN agencies. The European Council welcomes the signature this week of the biggest ever single EU humanitarian financial allocation. It confirms the commitment of the EU to continue to advocate for humanitarian access inside Syria to help those in need and to mobilise adequate funding building on a comprehensive aid strategy, and calls for further measures to improve the effectiveness of EU support. The European Council also calls on other major international donors to step up and assume their responsibilities.

Central African Republic

46. The European Council is extremely concerned by the continuously deteriorating crisis in the Central African Republic and by its severe humanitarian and human rights consequences. It welcomes the crucial French military intervention, based on the United Nations Security Council resolution 2127 (2013), in support of the African forces to help restore security as well as the consistent commitment of its African partners to stabilize the situation. As part of a comprehensive approach, the European Council confirms the EU's willingness to examine the use of relevant instruments to contribute towards the efforts under way to stabilise the country, including under the Common Security and Defence Policy (CSDP), in both its military and civilian dimensions. It invites the High Representative to present a proposal in this regard for a decision at the Council (Foreign Affairs) in January 2014.

Eastern Partnership

47. The European Council welcomes the initialling by Georgia and the Republic of Moldova of the Association Agreements, including Deep and Comprehensive Free Trade Areas, at the Eastern Partnership Summit in Vilnius on 28-29 November. The European Council reconfirms the European Union's readiness to sign these agreements as soon as possible and no later than the end of August 2014.
48. The European Union remains ready to sign the Association Agreement, including Deep and Comprehensive Free Trade Area, with Ukraine, as soon as Ukraine is ready. The European Council calls for restraint, respect for human and fundamental rights and a democratic solution to the political crisis in Ukraine that would meet the aspirations of the Ukrainian people. The European Council emphasizes the right of all sovereign States to make their own foreign policy decisions without undue external pressure.

VII. OTHER ITEMS

Energy

49. The European Council welcomes the Council's reports on the implementation of the internal energy market and on external energy relations. In this context, it emphasises the need for rapid actions implementing the guidelines set by the European Council in May 2013, including the intensification of work on electricity interconnections between Member States. The European Council will return to energy policy at the March European Council.

EU Strategy for the Alpine Region

50. Recalling its conclusions of June 2011 and the Council Conclusions on the added value of macro-regional strategies of October 2013, the European Council invites the Commission, in cooperation with Member States, to elaborate an EU Strategy for the Alpine Region by June 2015.