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**Council of the
European Union**

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NOTE

From: General Secretariat of the Council
To: Council
Subject: European Council (18 and 19 December 2014)
- Draft conclusions

In accordance with Article 2(3)(a) of the Council's Rules of Procedure, delegations will find attached the draft conclusions prepared by the President of the European Council, in close cooperation with the member of the European Council representing the Member State holding the six-monthly Presidency of the Council and with the President of the Commission.

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I. IMPROVING THE INVESTMENT CLIMATE IN EUROPE

1. Fostering investment in Europe is a key policy challenge. The new focus on investment, coupled with Member States' commitment to intensify structural reforms and to pursue growth friendly fiscal consolidation, will provide the foundation for growth and jobs in Europe. The European Council:
 - a) calls for setting up a European Fund for Strategic Investments (EFSI) to mobilise new investments between 2015 and 2017, which will complement and be additional to ongoing EU programmes and traditional EIB activities. The Commission will present a proposal in January 2015, which the Union legislators are invited to agree on by June, so that the new investments can be activated already in mid-2015. The EIB Group is invited to start activities by using its own funds as of January 2015. The EFSI will be open to contributions from Member States, directly or through national promotional banks. The Commission has indicated its intention to take a favourable position towards such capital contributions in the context of the assessment of public finances under the Stability and Growth Pact;
 - b) supports the Commission's and the EIB's intention to strengthen technical assistance to projects at the European level and to create an investment advisory hub to be operational as of mid-2015;
 - c) invites the Commission and the Union legislators to step up work on key measures to improve the regulatory environment for investment, including the work towards better integrated capital markets, while at the same time robustly pursuing the better regulation agenda aimed at transparent and simple regulation achieved at a minimum cost;

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- d) calls for speeding up adoption, transposition and implementation of Union legislation in the Single Market area. The Commission will present a renewed strategy for the completion of the internal market so as to remove barriers, especially in the field of services;
 - e) calls on the Commission to present a comprehensive Energy Union proposal well ahead of the March 2015 European Council;
 - f) calls on the Union legislators to give new momentum to the work on the pending proposals regarding the Digital Single Market and on the Commission to submit an ambitious communication in this area well before the June 2015 European Council;
 - g) calls for the further strengthening of the multilateral trading system and the conclusion of bilateral trade agreements with key partners; notably, all efforts should be made to conclude negotiations with the US by the end of 2015.
2. The European Council will take regular stock of the implementation of the above-mentioned orientations.
 3. It is urgent to advance efforts in the fight against tax avoidance and aggressive tax planning, both at the global and EU levels. Stressing the importance of transparency, the European Council looks forward to the Commission's proposal on the automatic exchange of information on tax rulings in the EU. The Council will discuss how to make progress on all these issues and report back to the June 2015 European Council.
 4. Closer coordination of economic policies is essential to ensure the smooth functioning of Economic and Monetary Union. Following a discussion on this issue at the informal meeting of Heads of State or Government in February, the President of the Commission, in close cooperation with the President of the Euro Summit, the President of the Eurogroup and the President of the European Central Bank, will report at the latest to the June 2015 European Council. The Member States will be closely involved in the preparatory work.

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II. UKRAINE

5. The European Council congratulates Ukraine on its new government and welcomes its determination to carry out political and economic reforms. Following the Commission's second disbursement in December of 500 million Euro in macro-financial assistance, the EU and its Member States stand ready to further facilitate and support Ukraine's reform process, provided that the necessary reforms are implemented.

 6. The situation in eastern Ukraine remains a strong concern. [The Union's policy of not recognising the illegal annexation of Crimea and Sevastopol was further tightened on 15 December.] The EU will stay the course; the European Council is ready to take further steps if necessary. All parties, including Russia, should actively engage in and implement fully the Minsk agreements.
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