



A strong Europe in a world of uncertainties

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The decision of the British people marks a watershed moment in the history of Europe. The European Union is losing not only a member state, but a host of history, tradition and experience, with which we shared our journey throughout the past decades. France and Germany therefore take note of this decision with regret. This creates a new situation and will entail consequences both for the United Kingdom and for the EU. The Treaty of Lisbon sets out the procedures for the orderly departure of a Member State (article 50). Once the British Government has activated these procedures, we will stand ready to assist the institutions in the negotiations clarifying the future relationship between the EU and the UK.

The British case is unique. But we must also acknowledge that support and passion for our common project has faded over the last decade in parts of our societies. Neither a simple call for more Europe nor a phase of mere reflection can be an adequate answer. To prevent the silent creeping erosion of our European project we have to be more focused on essentials and on meeting the concrete expectations of our citizens. We are convinced that it is not the existence of the Union that they object to but the way it functions. Our task is twofold: we have to strictly focus our joint efforts on those challenges that can only be addressed by common European answers, while leaving others to national or regional decision making and variation. And we must deliver better on those issues we have chosen to focus on.

France and Germany remain most firmly of the belief that the European Union provides a unique and indispensable framework for the pursuit of freedom, prosperity and security in Europe, for shaping peaceful and mutually beneficial relationships amongst its people and for contributing to peace and stability in the world. Our two countries share a common destiny and a common set of values that provide the foundation for an ever closer union between our peoples. We will therefore move further towards political union in Europe and invite the other Europeans to join us in this endeavour.

France and Germany recognise their responsibility to reinforce solidarity and cohesion within the European Union. To that end, we need to recognise that member states differ in their levels of ambition member state when it comes to the project of European integration. While not stepping back from what we have achieved, we have to find better ways of dealing with different levels of ambition so as to ensure that Europe delivers better on the expectations of all European citizens.

We believe the EU can and needs to develop common answers to today's challenges abroad and at home. In a context of rising global challenges and opportunities, we see the European Union as more necessary than ever and as the only framework capable of providing appropriate collective answers to the changing international environment. France and Germany will therefore promote a more coherent and a more assertive Europe on the world stage. To deliver better, Europe must focus on today's main challenges – ensure the security of our citizens confronted with growing external and internal threats; establish a stable cooperative framework for dealing with migration and refugee flows; boost the European economy by promoting convergence and sustainable and job-creating growth and advancing towards the completion of the Economic and Monetary Union.

We are seeing the European Union being severely put to the test. It is challenged by a series of crises in its southern and eastern environment. It is recovering slowly on the path of economic growth. Looking back at the history of the European edifice, we strongly believe in the strength of the EU and its ability to overcome these situations. But something is new in these critical times, namely the perception that these crises jeopardise the very fabric of our societies, our values, our way of life. We see terrorists attempting to spread fear and division in our societies. We have to face increasingly interwoven internal and external challenges. We see the need to preserve the combination of growth, competitiveness and social cohesion which lies at the heart of our European model, while preserving our common values both internally and vis-à-vis the outside world.

We know there are no quick solutions to these very demanding problems. But we are determined to address them, working to deal with current challenges while remaining focused on important long-term issues. In this spirit, we have agreed on the following proposals.

A European Security Compact

The EU has to face a deteriorating security environment and an unprecedented level of threat. External crises have become more numerous, closer to Europe – both east and south of its borders – and more likely to have immediate consequences for European territory and the security of EU citizens. Power politics are back on the world stage and conflict is being imported into our continent. The terrorist threat is growing, feeding on complex networks in and outside Europe and stemming from crisis zones and unstable, war-torn regions all over the world. Europe's role as a credible force for peace is more important than ever.

The security of EU member states is deeply interconnected, as these threats now affect the continent as a whole: any threat to one member state is also a threat to others. We therefore regard our security as one and indivisible. We consider the European Union and the European security order to be part of our core interests and will safeguard them in any circumstances.

In this context, France and Germany recommit to a shared vision of Europe as a security union, based on solidarity and mutual assistance between member states in support of common security and defence policy. Providing security for Europe as well as contributing to peace and stability globally is at the heart of the European project.

We see the EU as a key power in its neighbourhood but also as an actor for peace and stability with global reach. An actor able to make a decisive contribution to tackling global challenges and to support a rules-based international order underpinned by strategic stability, based on a peaceful balance of interests. We have considerable achievements that deserve recognition and can provide inspiration. The historic agreement on Iran's nuclear programme was only possible because of the EU's determined and persistent commitment. European engagement in the Minsk process has helped to contain a military confrontation in eastern Ukraine that could have easily spiralled out of control. Our diplomatic efforts have paved the way for a political settlement to the conflict which we will continue to pursue. In Libya, we support the emerging government of national accord endeavouring to address the risks posed by state fragility and instability in the Southern Mediterranean. Beyond the crises, we are convinced that Africa needs also a continuous commitment, being a continent of great challenges and opportunities.

One of the main features of today's security environment is the interdependence between internal and external security, since the most dangerous and destabilising risks emanate from the interaction between external threats and internal weaknesses. To respond to this challenge, Germany and France propose a European Security Compact which encompasses all aspects of security and defence dealt with at the European level and thus delivers on the EU's promise to strengthen security for its citizens.

A first step is to share a common analysis of our strategic environment and common understanding of our interests. France and Germany propose that the EU conduct

regular reviews of its strategic environment, to be submitted and discussed at the Foreign Affairs Council and at the European Council. These reviews will be supported by an independent situation assessment capability, based on the EU intelligence and situation centre and expertise from outside European institutions, with production of strategic and intelligence analysis approved at European level.

- On the basis of this common understanding, the European Union should establish agreed strategic priorities for its foreign and security policy, in accordance with European interests.
- The European Union Global Strategy is a first step in that direction. But we need to push further: on a more contested and competitive international scene, France and Germany will promote the EU as an independent and global actor able to leverage its unique array of expertise and tools, civilian and military, in order to defend and promote the interests of its citizens. France and Germany will promote integrated EU foreign and security policy bringing together all EU policy instruments.
- The EU will need to take action more often in order to manage crises that directly affect its own security. We therefore need stronger and more flexible crisis prevention and crisis management capabilities. The EU should be able to plan and conduct civil and military operations more effectively, with the support of a permanent civil-military chain of command. The EU should be able to rely on employable high-readiness forces and provide common financing for its operations. Within the framework of the EU, member states willing to establish permanent structured cooperation in the field of defence or to push ahead to launch operations should be able to do so in a flexible manner. If needed, EU member states should consider establishing standing maritime forces or acquiring EU-owned capabilities in other key areas.
- In order to live up to the growing security challenges, Europeans need to step up their defence efforts. European member states should reaffirm and abide by the commitments made collectively on defence budgets and the portion of spending dedicated to the procurement of equipment and to research and technology (R&T). Within the EU, France and Germany propose the establishment of a European semester on defence capabilities. Through this process, the EU will support efforts by member states by ensuring the coherence of defence and capability-building processes and encourage member states to discuss the priorities of their respective military spending plans. The establishment of a European defence research programme will support an innovative European industry.
- The European Union must invest more in preventing conflict, in promoting human security and in stabilising its neighbourhood and regions affected by crisis all over the world. The EU should help its partners and neighbours develop their capacity and governance structures, to strengthen their crisis resilience and their ability to prevent and control emerging crisis as well as terrorist threats. France and Germany will conduct joint initiatives in stabilisation, development and re-

construction in Syria and Iraq when the situation allows. Together, France and Germany will strengthen their civilian crisis management tools and reaffirm their commitment to support and sustain political processes of conflict resolution.

- In order to ensure our internal security, the immediate challenges are primarily operational. The objectives are to implement and monitor EU decisions and make the best use of existing frameworks: PNR; Europol and its counterterrorism centre; the fight against terrorist financing; and EU action plans against trafficking of weapons and explosives. A special emphasis should be put on strengthening transport safety. We want also to increase our dialogue and cooperation with third countries in North Africa, the Sahel strip, the Lake Chad Basin, West Africa, the horn of Africa and the Middle East, as well as regional and sub-regional organisations (African Union, G5).
- In order to address the root causes of terrorism, France and Germany will develop a European platform to share experience and best practice in preventing and counteracting radicalisation.
- In the medium term, we should work towards a more integrated approach for EU internal security, based on the following measures: creation of a European platform for intelligence cooperation, fully respecting national prerogatives and using the current frameworks (e.g. CTG); improvement of data exchange; European contingency planning for major crisis scenarios affecting several member states; creation of a European response capability; establishment of a European civil protection corps.
- In the longer term, it would make sense to enlarge the scope of the European public prosecutor's office in future (currently limited to prosecuting offenses concerning the EU's financial interests) to include fighting terrorism and organised crime. This would require harmonisation of criminal law among the member states.

In order to drive this effort, France and Germany propose that the European Council should meet once a year as a European Security Council, in order to address internal and external security and defence issues facing the EU. This European Security Council should be prepared by a meeting of Foreign Affairs, Defence and Interior Ministers.

Common European asylum and migration policy

Large-scale migration towards Europe will be the key challenge for Europe's future.

There shall be no unilateral national answers to the migration challenge, which is a truly European challenge of the 21st century. Our citizens expect that we firmly regain control on our external borders while preserving our European values. We have to act jointly to live up to this expectation. Germany and France are convinced that it is high time to work towards establishing truly integrated European asylum, refugee and

migration policy. Given the urgency of the matter, we should not rule out the possibility of a group of member states that share a sense of common responsibility making progress on common policies.

- Securing our external border is no longer exclusively a national task but also a common responsibility. We are determined that the EU should establish the world's first multinational border and coast guard. In the short term, FRONTEX will be manned by means of secondments from member states. France and Germany should propose a joint contribution to that end. Over the medium term FRONTEX should be scaled up not only in terms of having its own permanent staff but also with adequate technical equipment to fulfil this task.
- We also propose the creation of a European ESTA for visa-exempt third country nationals as a useful instrument to reinforce our borders and security.
- It is our common duty to protect those fleeing from war or political persecution. In our efforts we strive to allow refugees to find shelter as close to their homeland as possible.
- Asylum seekers reaching Europe have a right to be treated according to the Geneva Convention no matter where they reach our shores. To this end we must further harmonise and simplify our standards and procedures in specific areas. We shall stand ready to grant EU support for the establishment of efficient asylum systems where needed. Over the medium term the European Asylum Office should be transformed into a European Asylum Agency to support this process of standardisation and host joint databases to prevent the misuse of differences in standards as well as multiple registrations and discourage secondary movements. This European Asylum Agency would help reinforce convergence in the way applications for international protection are assessed, with due regard to the Dublin basic principles such as the responsibility of the member state of first entry to deal with an asylum application.
- Solidarity remains a cornerstone of our European project. Citizens expect that the benefits and burdens of EU membership be evenly shared among member states. A situation in which the burden of migration is unevenly carried by a limited number of member states is unsustainable. As a first step, the Dublin system has to be improved to deal with exceptional circumstances by means of a permanent and binding mechanism which foresees burden sharing among all member states. If necessary, Germany and France stand ready to proceed on this matter with a group of like-minded partners.
- The EU must find a common answer to the rising number of migrants seeking to enter the EU for economic reasons. The asylum system is a misleading entry point for them to use. Europe should stay open to what migration and mobility can contribute to our societies in the fields of the economy, culture and diversity. We need to work towards a European Immigration Act that clearly states what the legal options are when it comes to working in Europe, taking into account the

different states of national labour markets in the EU. At the same time, we have to improve EU tools and support in the field of return policy, underpinned by EU funds to finance the deportation of those who entered the EU illegally.

- In our relations with key countries of origin and transit, we will work to reduce push factors for irregular migration, for example by generating economic and social opportunities, particularly for young people. We expect constructive cooperation in crucial fields such as return and readmission, border management and control and the fight against migrant smuggling. Germany and France have already held high-level migration dialogues with a number of African states on behalf of the EU and will extend this dialogue to other countries. Root causes of migration, such as poverty, lack of security and political instability should also be addressed by the EU.

Finally, hosting and, in some cases, integrating refugees and migrants poses a challenge to all European societies that must be dealt with in a spirit of responsibility and solidarity. Germany and France do not share the same historical experience of immigration and integration but are committed to learning from each other. Through dialogue, exchange and cooperation, we intend to foster a more objective debate about the challenges and opportunities of immigration and integration for our societies. We hope thus to use the lessons we have learned to benefit other European states that are confronted with similar challenges.

Fostering growth and completing the Economic and Monetary Union

To this day, our common currency constitutes the most visible and ambitious undertaking of European unification. The euro has helped protect its member states from international speculation and contributed to building a common economic area. The euro reflects our commitment to the irreversibility of European integration.

However, we must admit that the crisis and its aftermath have shown up deficiencies that make citizens question whether the common currency delivers on its promises and even casts doubt on the sustainability of the project itself. We therefore intend to proceed on three fronts simultaneously: strengthening economic convergence, enhancing social justice and democratic accountability and improving shock resistance to safeguard the irreversibility of the euro. France and Germany have always seen it as their major responsibility to build a robust Eurozone able to assert its model in a more and more competitive world.

We believe we urgently need to revive this spirit to carry the debate forward. And it is the responsibility of our two countries to bilaterally proceed beyond that. We have to acknowledge that the requirements of membership and the fiscal implications stemming from the common currency have been higher than one could have expected when the euro was founded. We must therefore respect the wish of others to decide on their own when to join the euro.

- To overcome the crisis, the euro area has to enter into a renewed phase of economic convergence. To this end, France and Germany will shoulder the main responsibility of organising a process of economic convergence and political governance which balances obligations and solidarity to accompany the process. Surplus and deficit countries will have to move, as a one-sided alignment is politically unfeasible.
- Growth potential has been severely hampered by the crisis. Europe urgently needs to unlock the untapped potential inherent in the completion of the single market in specific sectors of strategic interest. France and Germany remain committed to bilateral initiatives to rapidly harmonise regulation and oversight as well as corporate tax schemes. To unlock growth and to increase the productivity of the European economy, a renewed effort for more investment, both private and public, is necessary. France and Germany reiterate their commitment to structural reforms to attract international investment and to further enhance the competitiveness of their economies.
- In that respect, specific initiatives should be taken in order to foster growth and convergence between member states in strategic sectors such as energy, the digital sector, research and innovation or professional training. In the short term, common targets could be set, linked to regulatory objectives and investment means based on the amplification of the European Fund for Strategic Investment. Over the medium term, those strategic sectors should evolve towards a common regulatory framework and even a shared supervisory authority, and benefit from a structured European investment capability to foster convergence through cross-border investment. Bilateral initiatives by Germany and France should be undertaken within that framework.
- The current architecture of the euro is not sufficiently resilient to external shocks or internal imbalances. Leaving the EMU incomplete jeopardises the survival of our common currency in the long term. Completing the EMU will involve the continuous intensification of political governance as well as fiscal burden sharing. In light of existing imbalances a deepening of the EMU will not come as a big bang but as the result of a pragmatic and gradual evolution taking into account the necessary results in terms of growth and employment. These results are indispensable to reinforce confidence in the European Union among member states and citizens and create the appropriate political conditions for new steps of integration towards completing the EMU.
- We should acknowledge that EMU member states share different traditions of economic policy making, which have to be balanced out for the euro to function properly. A future architecture of the euro will neither be solely rules based nor prone to mere political decision making nor will it be steered exclusively by market forces. Every step in deepening the EMU will encompass all of these aspects.
- Since economic policy-making in the EMU is increasingly a domain of shared decisions, citizens rightly expect to regain control via supranational institutions

accountable to them. In the short term a full time president of the Eurogroup should be accountable to a Eurozone subcommittee in the European Parliament. In the longer term, the Eurogroup and its president should be accountable to a parliamentary body comprising members of the European Parliament with the participation of members of national parliaments. This chamber should have full authority on any matters regarding fiscal and macroeconomic oversight.

- In this context we should develop the European Stability Mechanism (ESM) into a fully-fledged European Monetary Fund subject to parliamentary control.
- A fiscal capacity – a common feature of any successful monetary union around the globe – remains a missing keystone in the EMU architecture. In the long run it should provide macroeconomic stabilisation at the eurozone level while avoiding permanent unidirectional transfers. Whereas these capabilities should be built up over time and in line with progress on common decision making regarding fiscal and economic policy, it should start by 2018 at the latest to support investment in the member states most severely hit by the crisis. Germany and France should form a group prepared to lead on this matter.
- Public support for the euro is undermined by a lack of progress on its social dimension and fair taxation among its member states. Hence, as a general principle, any step to further deepen the EMU should be accompanied by progress in the field of common taxation, in particular with regard to transnational corporations, as well as the development of a social union underpinned by common social minimum standards.