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WORKING DOCUMENT

From:	General Secretariat of the Council
To:	Delegations
Subject:	Updated follow-up to the European Council meeting of 28 June 2018

**UPDATED FOLLOW-UP NOTE
TO THE EUROPEAN COUNCIL MEETING OF 28 JUNE 2018**

This note reviews the guidance and specific tasks set out in the European Council conclusions of 28 June 2018.

The text of the conclusions is reproduced below from document EUCO 9/18 + COR (1). Some parts of the text have been put in bold to highlight the subject-matter being addressed or the tasking elements within the conclusions. The comments after each text box indicate the most recent steps taken and the next steps in implementation. Elements of timing are highlighted wherever possible.

After this initial follow-up note, implementation of the conclusions will be continually monitored and subsequently detailed in a document ahead of each formal meeting of the European Council.

I. MIGRATION

1. The European Council reconfirms that a precondition for a functioning EU policy relies on a **comprehensive approach to migration** which combines more effective control of the EU's external borders, increased external action and the internal aspects, in line with our principles and values. This is a challenge not only for a single Member State, but for Europe as a whole. Since 2015 a number of measures have been put in place to achieve the effective control of the EU's external borders. As a result, the number of detected illegal border crossings into the EU has been brought down by 95% from its peak in October 2015, even if flows have been picking up recently on the Eastern and Western Mediterranean routes.
2. The European Council is determined to **continue and reinforce this policy to prevent a return to the uncontrolled flows of 2015 and to further stem illegal migration on all existing and emerging routes.**
 - Developments on all existing and emerging routes will be kept under close scrutiny in the framework of the Integrated Political Crisis Response arrangements (IPCR). Coreper will provide strong coordination across the board.

3. As regards the Central Mediterranean Route, efforts to stop smugglers operating out of Libya or elsewhere should be further intensified. The EU will continue to stand by Italy and other frontline Member States in this respect. It will step up its support for the Sahel region, the Libyan Coastguard, coastal and Southern communities, humane reception conditions, voluntary humanitarian returns, cooperation with other countries of origin and transit, as well as voluntary resettlement. All vessels operating in the Mediterranean must respect the applicable laws and not obstruct operations of the Libyan Coastguard.
4. As regards the Eastern Mediterranean Route, additional efforts are needed to fully implement the EU-Turkey Statement, prevent new crossings from Turkey and bring the flows to a halt. The EU-Turkey readmission agreement and the bilateral readmission agreements should be fully implemented in a non-discriminatory manner towards all Member States. More efforts are urgently needed to ensure swift returns and prevent the development of new sea or land routes. Cooperation with, and support for, partners in the Western Balkans region remain key to exchange information on migratory flows, prevent illegal migration, increase the capacities for border protection and improve return and readmission procedures. In the light of the recent increase in flows in the Western Mediterranean, the EU will support, financially and otherwise, all efforts by Member States, especially Spain, and countries of origin and transit, in particular Morocco, to prevent illegal migration.

- The Commission and the lead Member States, together with the EEAS, should take forward efforts to ensure the follow-up on all routes.
- By the end of July any additional short term needs for support should be communicated to Coreper. Such needs should also be communicated at technical level to the IPCR, as appropriate.
- By that same date, Member States willing to contribute further support should communicate the scope and timing of such support to Coreper and, at technical level, to the IPCR.

5. In order to definitively break the business model of the smugglers, thus preventing tragic loss of life, it is necessary to eliminate the incentive to embark on perilous journeys. This requires a new approach based on shared or complementary actions among the Member States to the disembarkation of those who are saved in Search And Rescue operations. In that context, **the European Council calls on the Council and the Commission to swiftly explore the concept of regional disembarkation platforms, in close cooperation with relevant third countries as well as UNHCR and IOM.** Such platforms should operate distinguishing individual situations, in full respect of international law and without creating a pull factor.

- Overall, the Commission, in dialogue with the Council, will continue contacts with the UNHCR and IOM on the concept of regional disembarkation platforms. Before the end of July, the Commission will provide Coreper with a state of play on the development of the concept.
- It is only when the concept is sufficiently developed, that contacts will be established with relevant third countries. Meanwhile, all actors should be cautious in their communication. Contacts with relevant third countries will be established by (groups of) Member States, notably those which entertain privileged relationships with them, in close cooperation with the Presidency, the Commission and the EEAS. Coreper will be regularly kept informed of those contacts. In that context, the question of incentives will have to be developed.

6. On EU territory, those who are saved, according to international law, should be taken charge of, on the basis of a shared effort, through the transfer in **controlled centres set up in Member States, only on a voluntary basis**, where rapid and secure processing would allow, with full EU support, to distinguish between irregular migrants, who will be returned, and those in need of international protection, for whom the principle of solidarity would apply. All the measures in the context of these controlled centres, including relocation and resettlement, will be on a voluntary basis, without prejudice to the Dublin reform.

- The Commission is to specify first and foremost the scope and form of "full EU support" to be provided to those Member States interested in setting up controlled centres on their territory.
- The Member States potentially interested in exploring the concept of / setting up controlled centres should step forward.
- The setting up of those controlled centres in Member States is to be followed up at the level of Member States on a voluntary basis.

7. The European Council agrees on **launching the second tranche of the Facility for Refugees in Turkey and at the same time on transferring 500 million euro from the 11th EDF reserve to the EU Trust Fund for Africa**. Member States are moreover called upon to **contribute further to the EU Trust Fund for Africa** with a view to its replenishment.

- Coreper had agreed on how to finance the additional EUR 3 billion for the EU Facility for Refugees in Turkey (doc. 10622/18 + COR 1). EUR 2 billion would be financed from the EU budget and the remaining EUR 1 billion by contributions from the Member States proportionate to their share of the EU's GNI (2018). The agreement honours the commitment undertaken by the EU under the EU-Turkey statement of 18 May 2016 to mobilise a second instalment of EUR 3 billion for the refugee facility once the initial EUR 3 billion 'are about to be used to the full'.
- To formalise the agreement, the Austrian Presidency intends to bring the revised Common Understanding to Coreper on 18 July (meeting of the Budget Committee on 13 July). The Commission has indicated its readiness to adopt the amended Commission decision simultaneously to the revised Common Understanding. On 4 July, the European Parliament voted in favour of draft Amending Budget no. 3/2018, which includes an amount of EUR 500 million for the Facility in 2018.
- As regards the EU Trust Fund for Africa, the transfer of EUR 500 million from the 11th EDF reserve has been formally proposed for decision by the Commission on 29 June and will be considered by the EDF committee at its meeting on 17 July.
- The Presidency and the Commission will coordinate the compilation of pledges from Member States in order to replenish the EU Trust Fund for Africa. Quarterly updates on projects in the pipeline and foreseen financing needs will be submitted to Coreper. Coreper is to follow up on further contributions from Member States in line with the European Council conclusions and the willingness signalled by several Leaders to further contribute.

8. Tackling the migration problem at its core requires a **partnership with Africa** aiming at a substantial socio-economic transformation of the African continent building upon the principles and objectives as defined by the African countries in their Agenda 2063. The European Union and its Member States must rise to this challenge. We need to take the extent and the quality of our cooperation with Africa to a new level. This will not only require increased development funding but also steps towards creating a new framework enabling a substantial increase of private investment from both Africans and Europeans. Particular focus should be laid on education, health, infrastructure, innovation, good governance and women's empowerment. Africa is our neighbour and this must be expressed by increased exchanges and contacts amongst the peoples of both continents on all levels of civil society. Cooperation between the European Union and the African Union is an important element of our relationship. The European Council calls for further developing and promoting it.

- The Commission and the High Representative will develop plans to realise the ambition expressed in this paragraph, and submit them to Coreper by the end of September for an initial exchange of views and guidance for further work, notably on how to include Member States. (p.m. Senior Officials' Meeting in the context of the Valletta process in Addis Ababa in November 2018).

9. In the context of the next Multiannual Financial Framework, the European Council underlines the need for flexible instruments, allowing for fast disbursement, to combat illegal migration. **The internal security, integrated border management, asylum and migration funds should therefore include dedicated, significant components for external migration management.**

- Work on the new external funding instrument (the "Neighbourhood, Development and International Cooperation Instrument") and on "significant dedicated components for external migration management" will be taken forward in the relevant Working Parties and in Coreper, in the framework of discussions on the next MFF. An outline of what could be contemplated regarding the new components was presented at the SCIFA meeting on 9 July 2018.

10. The European Council recalls the need for Member States to ensure the effective control of the EU's external borders with EU financial and material support. It also underlines the necessity to significantly step up the effective return of irregular migrants. In both respects, **the supportive role of FRONTEX, including in the cooperation with third countries, should be further strengthened** through increased resources and an enhanced mandate. It **welcomes the intention of the Commission to make legislative proposals for a more effective and coherent European return policy.**

- It is understood these proposals will be presented around the same time as the Commission President's State of the Union Speech (SOTEU), expected on 12 September 2018.
- A first discussion on some of these issues takes place in the working party on integration, migration and expulsion (IMEX) on 10 July 2018.

11. Concerning the situation internally in the EU, **secondary movements** of asylum seekers between Member States risk jeopardising the integrity of the Common European Asylum System and the Schengen acquis. Member States should take all necessary internal legislative and administrative measures to counter such movements and to closely cooperate amongst each other to that end.

- To be followed up at the level of Member States, including through the possibility of signing administrative arrangements between Member States to facilitate and simplify the Dublin procedures.

12. As regards the **reform for a new Common European Asylum System**, much progress has been achieved thanks to the tireless efforts of the Bulgarian and previous Presidencies. Several files are close to finalisation. A consensus needs to be found on the Dublin Regulation to reform it based on a balance of responsibility and solidarity, taking into account the persons disembarked following Search And Rescue operations. Further examination is also required on the Asylum Procedures proposal. **The European Council underlines the need to find a speedy solution to the whole package and invites the Council to continue work with a view to concluding as soon as possible. There will be a report on progress during the October European Council.**

- The Council will take work forward on Dublin reform. A progress report on the state of negotiations is due in October this year. A first exchange of views will be held at SCIFA level (on 9 July) and at the level of ministers at the Informal meeting on 12-13 July. The Presidency intends to discuss this matter in Coreper on 18 July.

II. SECURITY AND DEFENCE

13. Europe must take greater responsibility for its own security and underpin its role as a credible and reliable actor and partner in the area of security and defence. The Union is therefore taking steps to bolster European defence, by enhancing defence investment, capability development and operational readiness. These initiatives enhance its strategic autonomy while complementing and reinforcing the activities of NATO, in line with previous conclusions. The European Council:

- calls for the **fulfilment of the PESCO commitments and the further development of the initial projects and the institutional framework**, in a way that is fully consistent with the Coordinated Annual Review on Defence and the revised Capability Development Plan adopted within the European Defence Agency. A next set of projects will be agreed in November 2018. It invites the Council to decide on the conditions for third State participation in PESCO projects;
- welcomes progress on **military mobility** in the framework of PESCO and EU-NATO cooperation, expects the **military requirements** under the EU Action Plan on military mobility now to be finalised, and calls on Member States to simplify and standardise relevant rules and procedures by 2024. These efforts which should fully respect the sovereignty of the Member States, be mutually reinforcing and follow a whole-of-government approach, will be reviewed yearly on the basis of a report by the Commission and the High Representative, starting in spring 2019;

- calls for the swift implementation of the **European Defence Industrial Development Programme** and for further progress on the **European Defence Fund** both in its research and capability windows;
 - welcomes the work undertaken to strengthen **civilian CSDP** and **calls for an agreement on a civilian CSDP Compact by the end of this year**, thus providing a new EU framework for civilian crisis management and CSDP missions, with ambitious commitments at EU and national level. It recalls that military and civilian aspects need to be addressed in a comprehensive manner with a focus on concrete deliverables;
 - welcomes the Joint Communication on Europe's resilience to **hybrid and Chemical, Biological, Radiological and Nuclear-related threats** and **calls for the adoption as soon as possible of a new EU regime of restrictive measures to address the use and proliferation of chemical weapons**. Following the extraordinary Conference of States Parties to the Chemical Weapons Convention, the EU commits itself to supporting the implementation of its outcomes;
 - invites the High Representative and the Commission to present, in cooperation with the Member States and in line with the March 2015 European Council conclusions, an **action plan by December 2018 with specific proposals for a coordinated EU response to the challenge of disinformation**, including appropriate mandates and sufficient resources for the relevant EEAS Strategic Communication teams;
 - stresses the need to strengthen capabilities against cybersecurity threats from outside the EU and **asks the institutions and Member States to implement the measures referred to in the Joint Communication, including the work on attribution of cyber-attacks and the practical use of the cyber diplomacy toolbox**;
 - calls for further co-ordination between Member States and, as appropriate, at EU level and in consultation with NATO, to **reduce the threat from hostile intelligence activities**;
 - calls for further **deepening of EU-NATO cooperation**, in full respect of the principles of inclusiveness, reciprocity and decision-making autonomy of the EU, including through a new Joint Declaration, building on the progress made in implementing the 2016 Joint Declaration and the related proposals for action.
 - welcomes the intention of the Commission to present a **legislative proposal to improve the detection and removal of content** that incites hatred and to commit terrorist acts.
- The next set of PESCO projects are to be adopted in November 2018. The general conditions for third country participation in projects should also be agreed in principle by then. PSC is expected to agree on 11 July on the way ahead towards a Council Recommendation concerning the sequencing of the fulfilment of the more binding PESCO commitments.

- On military mobility, one work strand set out in the Action Plan is on enhancing part of the trans-European transport network (TEN-T) suitable for military transport, a policy which is to be fully in place by 2030 - so as to make it also fit for military mobility. To that effect, the Commission has earmarked a total of EUR 6.5 billion under the 2021-2027 MFF (roughly 20% of the overall funds earmarked for transport infrastructure upgrades over 2021-2027). On 25 June 2018, the Council agreed detailed guidance through its conclusions on security and defence. The Council also approved the overarching high level part of Military Requirements for Military Mobility. Further work on detailing them will be required already over the summer months, fully involving all relevant preparatory bodies, and all aspects should be finalised by the third quarter of 2018.
- Agreement reached on the EDIDP means that the Commission should be able to carry out preparatory work for the first projects to be launched in early 2019, on the basis of concrete project proposals / collaborative projects to be put forward by Member States by 15 September.
- The recent proposal for an ambitious, EUR 13 billion European Defence Fund, which encompass both defence research (EUR 4.1 billion) and defence development (EUR 8.9 billion) under a dual research/industry legal basis, is currently being examined by the co-legislators. The first meeting of the Council's Friends of the Presidency Group is planned for 10-11 July; the European Parliament is soon expected to confirm ITRE as the lead Committee. Reaching a (partial) General Approach by the end of 2018 is considered a feasible objective.
- Concerning CBRN and hybrid threats, the Council will pursue work with a view to adopting an EU regime of restrictive measures to address the use and proliferation of chemical weapons. Commission/EEAS initiatives are expected as necessary, including in follow-up to the successful outcome of the Conference of States Parties to the Chemical Weapons Convention.
- In cooperation with Member States and implementation of the Joint Communication of 16 June 2018, the EEAS will strengthen the Hybrid Fusion Cell with additional civilian and military expert staff on CBRN, Cyber and Counter Intelligence.
- The EEAS is expected to take work forward on civilian CSDP, notably with a view to the Civilian CSDP Compact, in coordination with the Commission.
- To counter disinformation, an action plan on a coordinated response is to be drawn up by the High Representative and the Commission by December 2018, in cooperation with Member States and in line with the March 2015 European Council conclusions on the need to challenge Russia's ongoing disinformation campaigns. This should include specific proposals for a coordinated EU response to the challenge of disinformation, including appropriate mandates and sufficient resources for the three separate StratCom teams.
- In relation to EU-NATO cooperation, the implementation of the 74 proposals for cooperation will be the focus of a new Joint Declaration that the respective leaders of the EU (Presidents Tusk and Juncker) and NATO (Secretary General Stoltenberg) are expected to sign by the 11-12 July 2018 Brussels NATO Summit.
- The Commission's proposal on tackling terrorist content online will be presented around the same time as the SOTEU speech, scheduled for 12 September 2018.

III. JOBS, GROWTH AND COMPETITIVENESS

14. The European Council endorses the integrated country-specific recommendations as discussed by the Council, thus allowing the conclusion of the 2018 **European Semester**. The current good economic situation should be used for strengthening the reform momentum.

- The ECOFIN Council of 13 July 2018 is due to formally adopt the country-specific recommendations (CSRs), thus marking the end of the 2018 European Semester cycle. Member States are then expected to reflect the CSRs in their national policies.

15. Ensuring **fair and effective taxation** remains a key priority. In that context, the fight against tax avoidance, evasion and fraud must be vigorously pursued both at global level (notably in the OECD) and within the EU. At the same time, there is a real need to adapt our taxation systems to the digital era. The Council should therefore take work forward on the Commission proposals on **digital taxation**. Work should also continue on how to ensure **effective VAT collection**, including swift progress on the Commission proposals on short-term measures.

Recent advances and future steps in the area of taxation include:

- Member States are implementing the **Directive on transparency rules for tax intermediaries** which will impose, as from 2020, an obligation on Member States to automatically exchange information on potentially aggressive tax planning schemes with a cross-border element.
- Following the EU's review of the list of **non-cooperative jurisdictions for tax purposes**, all commitments made by the jurisdictions concerned will continue to be monitored by the Council and by the inter-governmental "Code of Conduct Group on business taxation".
- Member States will be enhancing their administrative cooperation on VAT matters by means of a regulation (the **VAT administrative cooperation regulation**), to be adopted by the Council after the European Parliament's opinion of 2 July 2018.
- Work will continue in the area of VAT on the legislative proposals covering the introduction of a **definitive system and rates of VAT**, as well as on other proposals, such as **quick short-term improvement of the current VAT rules**, the **proposal on simplifications for SMEs**, the **VAT on e-publications proposal** and the **'reverse charge' mechanism directive**. An exchange of views on the latter two is foreseen at the ECOFIN meeting on 13 July.
- The next regular ECOFIN report to the European Council on tax issues will be adopted in December 2018.

In terms of **digital taxation**:

- The Council will continue its examination of the package's two key proposals - the Directive on the common system of a digital services tax on revenues resulting from the provision of certain digital services (DTSD) and the Directive on rules relating to the corporate taxation of a significant digital presence (SDPD).

In relation to **global efforts**:

- The G20 finance ministers in March 2018 discussed tax matters, in particular tax transparency and the taxation of the digital economy. They examined and welcomed the OECD interim report and in their communiqué, committed to continue working on seeking a consensus-based solution by 2020, with an update in 2019.

16. In a context of growing trade tensions, the European Council underlines the importance of preserving and deepening the rules-based multilateral system. The EU is committed to working towards its modernisation and calls on all partners to contribute positively to this goal. It **invites the Commission to propose a comprehensive approach to improving, together with like-minded partners, the functioning of the WTO in crucial areas** such as (i) more flexible negotiations, (ii) new rules that address current challenges, including in the field of industrial subsidies, intellectual property and forced technology transfers, (iii) reduction of trade costs, (iv) a new approach to development, (v) more effective and transparent dispute settlement, including the Appellate Body, with a view to ensuring a level playing field, and (vi) strengthening the WTO as an institution, including in its transparency and surveillance function.
17. As part of its positive trade agenda, the EU will continue to negotiate ambitious, balanced and mutually beneficial **trade agreements** with key partners across the world, promoting its values and standards. The recent adoption of the regulation on the modernisation of trade defence instruments will contribute to ensuring a level playing field. The European Council calls for the **legislative proposal on the screening of foreign direct investments** to be adopted as soon as possible.
18. In reaction to the United States' decision to impose **tariffs on the EU for steel and aluminium** products, which cannot be justified on the grounds of national security, the European Council fully supports the rebalancing measures, potential safeguard measures to protect our own markets, and the legal proceedings at the WTO, as decided on the initiative of the Commission. The EU must respond to all actions of a clear protectionist nature, including those calling into question the Common Agricultural Policy.

- The initial trilogue on the screening of foreign direct investment was held on 10 July. Negotiations with the EP will continue after the Summer.
- As regards its reaction to the US' tariffs on its imports of steel and aluminium from the EU, the EU has adopted a three-pronged approach:
 - adopting rebalancing measures, applicable to EUR 6.4 billion worth of exports; as of 22 June 2018, the EU is immediately rebalancing on EUR 2.8 billion. The rebalancing of the remaining EUR 3.6 billion will take place at a later stage - in three years' time or after a positive finding in the WTO dispute settlement proceedings;
 - launching, at the end of March 2018, a safeguard investigation on steel; the investigation must be concluded within 9 months - i.e. by late December 2018. In the meantime, provisional safeguard measures have been approved at comitology level and are expected to enter into force on 19 July, following their formal adoption by the Commission and publication in the Official Journal.

- initiating, on 1 June 2018, a legal challenge within the WTO.
- As to recent US threats to impose tariffs on EU car imports, the Commission intends to further work on an assessment of bilateral trade in that area and the overall trade balance. The US' public hearing on its investigation into the national security implications of imports of automobiles and their parts is scheduled for 19-20 July 2018. The final report is due by February 2019 at the latest - despite the likelihood of it being finalised earlier - after which the US President has 90 days to decide on the matter.
- President Juncker intends to travel to Washington soon (25 July, tbc) to explain the EU position and defend its interests.
- The EU is also keeping a number of channels of communication open with the US, including in the form of trilateral cooperation, along with Japan. At their last meeting, the parties addressed rules on industrial subsidies and state-owned enterprises, and committed to begin their respective internal examinations before the end of 2018 with the aim of negotiating on the matter soon thereafter. The parties also agreed to cooperate to ensure the full implementation of existing WTO rules. The concrete follow-up will take place in a trilateral technical group.
- In relation to WTO modernisation, the Commission proposals of 5 July will be discussed by the Trade Policy Committee on 13 July 2018. They cover 1) WTO regular work and transparency; 2) rulemaking in the WTO including the approach to the development question, and 3) WTO dispute settlement system. An option being envisaged is for the G20 to possibly agree on the first roadmap at this year's G20 Summit in Argentina on 30 November - 1 December 2018. The matter could be discussed in the context of the G20 Trade Ministerial meeting tentatively scheduled for September 2018.

IV. INNOVATION AND DIGITAL

19. Europe must further develop its high-quality research across the EU and turn it into new products, services and business models. We need a stronger, inclusive innovation ecosystem to foster breakthrough and market-creating innovation and provide comprehensive support for businesses, including SMEs, with disruptive potential to successfully enter global markets.
20. It is vital to **deliver on the remaining legislative proposals concerning the Digital Single Market before the end of the current legislative cycle**. To build a European data economy, further action is needed to improve the efficient use of data across the EU and foster trust through high data protection standards and full implementation and proportionate enforcement of the General Data Protection Regulation in respect of all economic actors doing business in our single market. High-quality data are essential for the development of Artificial Intelligence. The European Council invites the co-legislators to **swiftly examine the latest data package**. It invites the Commission to work with Member States on a coordinated **plan on Artificial Intelligence**, building on its recent communication.

21. In line with the informal Leaders' discussion in Sofia, the European Council insists on **improving businesses' access to financing**, including by better coordinating EU and national research and innovation funding schemes and instruments, on providing a favourable regulatory environment that supports greater risk-taking, and on promoting digital skills as well as links between academia, industry and governments. Cooperation between research, innovation and education should be encouraged, including through the European Universities initiative.
22. The European Council invites the Commission to launch a **new pilot initiative on breakthrough innovation** within the remaining period of Horizon 2020. A **European Innovation Council** will be set up under the next Multiannual Financial Framework to identify and scale up breakthrough and disruptive innovation.

- On the Digital Single Market, slightly over half the 30+ legislative proposals have now been agreed. The challenge of coming to an agreement before the end of this legislative term is highest for some difficult files (e-privacy, Copyright) as well as those which were presented latest, in Spring this year (including digital taxation, the Directive on Public Sector Information and the P2B Regulation). At its plenary meeting on 5 July 2018, the European Parliament failed to adopt negotiating mandates on Copyright reform, which will now be put to vote in September.
- In the data package, issued in April this year, the Commission proposed a Recast of the Directive on Public Sector Information, which aims to reduce the cost of accessing data generated by public sector bodies. Examination of the proposal is currently on-going. The aim of the Austrian Presidency is to reach a general approach by the end of 2018, which is an ambitious but technically feasible aim. The trilogues with the Parliament may start in early 2019, making it challenging for negotiations to be concluded before the end of this parliamentary term. The data package did not explicitly address the use of privately owned data, but the Commission has committed to organising a high-level round table on access to private sector data for public interest reasons. It also referred to business-to-business (B2B) data sharing and business to government (B2G) data sharing, suggesting that it will continue to monitor the situation.
- The European Council conclusions on a coordinated plan on AI validate the Commission's intentions outlined in the Commission Communication on AI of April 2018. The Commission highlighted its wish to agree on a coordinated plan on AI with Member States by the end of 2018. It also intended to facilitate a broad multi-stakeholder platform (with businesses, consumer organisations, trade unions, and other civil society bodies) - the European AI alliance - by the end of July 2018, and regularly monitor the progress of the objectives and initiatives listed in its AI Communication. Operationally, the AI policy in the making would address three main issues: (1) boosting the EU's technological and industrial capacity and AI uptake across the economy, (2) preparing for imminent socio-economic changes, and (3) ensuring an appropriate ethical and legal framework based on EU values and fundamental rights. A policy debate on AI, with a special focus on the increased use of this new technology to promote and advance the re-industrialisation of Europe, is envisaged at the Competitiveness Council on 27-28 September 2018. As regards the international security dimension, the AI policy will build on the work of the High Representative in the Global Tech Panel and within the United Nations and other multilateral forums.

- The new pilot initiative on breakthrough innovation will complement the European Innovation Council (EIC) pilot project, launched in 2018 and due to run until 2020. The pilot project supports top-class innovators, entrepreneurs, small companies and scientists with "bright" ideas and the ambition to scale up internationally. The first projects of the EIC pilot project have just been announced. It is too early to assess its success or added value, but what can already be observed is that selected projects come from a broad range of activities (from health to batteries to space).
- The fully-fledged European Innovation Council should be set up under the new Framework Programme for Research and Innovation 2021-2027, "Horizon Europe".

V. OTHER ISSUES

23. The European Council strongly welcomes and supports the **agreement reached between the former Yugoslav Republic of Macedonia and Greece on the name issue**. This, together with the agreement between Bulgaria and the former Yugoslav Republic of Macedonia on the Treaty of Friendship, Good Neighbourliness, and Cooperation, sets a strong example for others in the region to strengthen good neighbourly relations.
24. The European Council endorses the **conclusions on enlargement and stabilisation and association process** adopted by the Council on 26 June 2018.
25. The European Council reiterates its full support for UNSC Resolution 2166 concerning the downing of **flight MH-17**. It calls on the Russian Federation to accept its responsibility and to fully cooperate with all efforts to establish truth, justice and accountability.
26. The European Council takes note of the package of proposals on the Multiannual Financial Framework for the period 2021-2027 presented by the Commission on 2 May 2018, as well as of the sectoral legislative proposals for programmes supporting European policies presented since. **It invites the European Parliament and the Council to examine these proposals in a comprehensive manner and as soon as possible.**

- The Austrian Presidency will continue the examination of the MFF proposals and start work on elements of the negotiating box. It presented to Coreper on 4 July the way it intends to take things forward, and submitted to delegations a provisional calendar for July and September. Overall it is understood that work will be organised in the same way as under the Bulgarian Presidency. The Austrian Presidency intends to report regularly to Coreper on progress and, in particular, will distribute a first questionnaire to delegations in July and organise an orientation debate at the General Affairs Council of 18 September. It may also adopt a progress report at the December General Affairs Council. The Austrian Presidency and the Commission will explain the indications set out by the European Council in their contacts with the European Parliament.