

# Implementation Plan on Security and Defence

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Remarks by Federica Mogherini upon arrival at the Foreign Affairs Council (Defence)

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## “EU remains committed to strengthen security and defence”: Council adopts Conclusions

On 18 May the Council adopted conclusions on **security and defence** in the context of the **EU Global Strategy**. The conclusions take note of progress in strengthening cooperation in the area of security and defence, and provide guidance for further work. The areas covered include:

- **Improving CSDP crisis management structures**, in particular the ongoing work leading to the establishment of a **military planning and conduct capability (MPCC)** within the EU military staff (part of the EEAS) which will assume command of non-executive military CSDP missions (currently: EUTM

Somalia, EUTM RCA, EUTM Mali), as agreed on 6 March 2017;

- **Strengthening CSDP cooperation with partner countries**, with the aim to adopt a more strategic approach to Common and Security Defence Policy **partnerships**, in view of enhancing cooperation, with a focus on partner countries that share EU values, including the respect for international law, and are able and willing to contribute to CSDP missions and operations;
- **Capacity building for security and development (CBSD)**, in order to fully cover all the requirements needed to support partner countries in preventing and managing crises on their own;
- **Developing civilian capabilities and enhancing the responsiveness of civilian crisis management**, including the possible creation of a core responsiveness capacity;
- **Reinforcing military rapid response**, including **EU battlegroups**, with a view to developing further their modularity in a pragmatic way and to adapt as necessary the financing arrangements;
- **Deepening European defence cooperation**, taking stock and providing guidance on the way forward on
  - an inclusive **permanent structured cooperation (PESCO)**, which would allow those member states who are willing and able to collaborate further in the area of security and defence and which would, in turn, help generate new collaborative efforts, cooperation and projects.
  - the possibility of a voluntary coordinated annual review on defence (**CARD**), which would be a process aimed at offering a better overview at EU level of defence spending, national investment and defence research efforts. This would support member states in delivering capabilities to tackle existing and future strategic trends and challenges, and actively promote enhance defence cooperation among member states.
  - the **European Defence Action Plan** of the European Commission, which foresees new financial tools for capability development and defence cooperation in support of the European defence industry and technological innovation.

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## [Statement by Vice-President for the Digital Single Market Andrus Ansip on the European Parliament's vote on the portability of online content](#)

*"I welcome today's positive vote of the European Parliament on the*

*portability of online content across borders, following the agreement reached between the European Parliament, Council and Commission at the beginning of the year. I warmly thank the European Parliament rapporteur Jean-Marie Cavada for his work in achieving this and look forward to final approval by Member States in the coming weeks.*

*The rules voted today mean that, as of the beginning of next year, people who have subscribed to their favourite series, music and sports events at home will be able to enjoy them when they travel in the European Union. Combined with the end of roaming charges, it means that watching films or listening to music while on holiday abroad will not bring any additional costs to people who use mobile networks.*

*This is an important step in breaking down barriers in the Digital Single Market.*

*We now need agreements on our other proposals to modernise EU copyright rules and ensure wider access to creative content across borders and fairer rules for creators. I rely on the European Parliament and Member States to make swift progress to make this happen.”*

**For more information:**

[Announcement](#) on the agreement that enables consumers to keep access to online content services from home when they travel in the EU

Q&A [Portability of online content services](#)

Press release on [proposals to modernise EU copyright rules](#)

Press release on [mid-term review of the Digital Single Market strategy](#)

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## **[Revised European Neighbourhood Policy: supporting stabilisation, resilience, security](#)**

The revised European Neighbourhood Policy (ENP) reinvigorated the relations between the European Union and its neighbours to the East and South, with a greater focus on stabilisation, resilience and security. Today's neighbourhood-wide Joint Report on the implementation of the European Neighbourhood Policy demonstrates that the new policy approach ensures stronger joint ownership and more flexibility by recognising different aspirations and diversity of each partner. The report is a follow-up to the European Neighbourhood review which was adopted in November 2015.

*"The European Union has been investing a lot in economic development, resilience, security, democracy and the rule of law in our Eastern and Southern neighbours. One year and a half after the review of the European Neighborhood Policy, we have managed to build – in cooperation and full partnership – a tailor made approach with each and every country, to ensure it addresses the real needs and interests, for the sake of all our citizens."* said Federica **Mogherini**, High Representative for Foreign Affairs and Security Policy/Vice-President of the European Commission, upon publication of the joint report.

*"We consulted widely before updating the Neighbourhood Policy – and this report shows how we are really putting into action the results of that consultation: a stronger focus on mutual interests, greater differentiation to reflect the diversity of our partners, a greater sense of shared ownership of the policy and more flexibility in how it is implemented,"* added Johannes **Hahn**, EU Commissioner for Neighbourhood Policy and Enlargement Negotiations.

### **Implementing the reviewed European Neighbourhood Policy**

Long-lasting crises and the geopolitical relevance of the EU's neighbourhood show the importance of having a solid policy framework in place to enhance political and economic relations with the EU's neighbouring countries.

Today's joint report by the European Commission and the High Representative on the implementation of the ENP review confirms the ENP's central role in creating the conditions for the stabilisation of the EU's neighbourhood, which the review identified as a top priority.

The review refocused the ENP to ensure a **differentiated approach** to partners, recognising the different aspirations of each country, **joint ownership**, based on both **partners' needs** and **EU interests**, and more **flexibility** in the use of EU instruments. The new approach has been crucial in reenergising the EU's relations with the ENP partner countries, including through the negotiation and adoption of new Partnership Priorities and the ongoing updating of Association Agendas, in each case sharpening the focus of relations for the next few years on areas of agreed mutual interest.

Within the new political framework, the EU is acting with more flexibility and sensitivity towards its partners, deploying its resources with more impact as regards the implementation of the key priorities. Flexibility in the use of EU funding (through the European Neighbourhood Instrument), has been increased through the use of [Trust Funds](#) to ensure a rapid delivery of financial assistance, through greater use of blending and of improved joint programming with Member States. Finally, through enhanced coordination with International Financial Institutions and the creation of a new flexibility cushion to allow rapid response to crisis situations and changing circumstances.

### **Progress in priority areas**

The reviewed ENP has mobilised significant support to reforms in four priority areas: good governance, democracy, rule of law and human rights;

economic development for stabilisation; security; migration and mobility.

With EU support, important steps have been taken by some partner countries to advance reforms on **good governance, democracy, rule of law and human rights** with extensive programmes on public administration reform and anti-corruption, on strengthening the judiciary, and on supporting human rights, as well as fostering a stronger civil society.

Boosting **sustainable economic development** is at the heart of the EU's contribution to stabilising the neighbourhood and is crucial for developing partners' resilience. Since the review, the EU has invested in structural reforms to improve competitiveness and the business environment, to boost trade, to support SMEs and to tailor education and skills to the needs of the real economy.

The ENP review significantly increased the policy's focus on security issues, with a comprehensive approach to the **security** challenges in its neighbourhood. The EU has developed Security Sector Reform programmes both in the East and South, and taken forward important work on counter-terrorism and preventing violent extremism, while strengthening efforts on disrupting organised crime and on enhanced cooperation in the area of Common Security and Defence Policy (CSDP).

The challenges of the **refugee crisis and irregular migration** remain high on the political agenda and have been a key aspect of the EU's work with its neighbouring countries. The comprehensive approach put in place by the EU encompasses efforts to address the root causes of migration in order to reduce irregular migration, to promote legal migration and mobility and to effectively manage borders while safeguarding the right of EU citizens to free movement within the EU.

## **Background**

The European Neighbourhood Policy (ENP) was reviewed in 2015 to respond to the new challenges of an evolving neighbourhood. The review – proposed by European Commission President Jean-Claude **Juncker** in 2014 and welcomed by EU Member States – was subject to a wide public consultation prior to its publication in November 2015. The outcome of the review was a revised policy based on the principles of differentiation, flexibility and ownership under the overarching objective of stabilisation.

The Joint report adopted today is the first neighbourhood-wide report that is published by the EU as a standalone document, without a set of individual country reports. The aim of this new report style is to provide a broad overview on developments and trends in the neighbourhood. Country-specific reports are now adopted and published separately: they are timed to provide the basis for political exchanges in the run-up to meetings of the Association Council or similar high-level events held with respective partners.

## **For More Information**

Read the [Report](#)

European Commission [ENP website](#)

Press release: [Review of the European Neighbourhood Policy \(ENP\): stronger partnerships for a stronger neighbourhood](#)

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## [Yves Mersch: Developing Europe's payment landscape](#)

**Speech by Yves Mersch, Member of the Executive Board of the ECB, at the Deutsche Bundesbank's payment and securities settlement symposium 2017, Frankfurt am Main, 18 May 2017**

### **Introduction**

Fintech has created the potential for the design and implementation of innovative financial services that can better serve users' needs in terms of speed and convenience. Innovative developments that lead to better services can support commerce, in particular e-commerce, as well as productivity and income growth.

To fulfil its mandate under the Treaty, the Eurosystem is committed to keeping step with innovation in financial services while, at the same time, safeguarding the safety and efficiency of the financial market infrastructure. It is essential that we respond to the increased digitalisation of our society, delivering innovative and efficient services to our economy, which has an impact on the lives of all Europeans. In the context of these developments, there is a certain demand for instant payment solutions by end users. And the industry has to deliver solutions to support innovation, also in view of the global competition in this respect. Europe has the capacity to innovate and deliver integrated solutions to all actors – individuals, industry, merchants – and we should do our utmost not to fall behind the curve. Consequently, we must ensure that consumer payments can be effected instantly but within a safe and sound market infrastructure unhindered by borders in Europe, just as we do with euro banknotes. In this vein, **the ECB will maintain a choice for customers by facilitating the market infrastructure needed for the take-up of instant payments across Europe – in a fully integrated manner, fostering “domestic” solutions for the euro.** *Customers can continue to select the payment method they prefer.* **Instant payments are coming** and will most likely be the preferred payment method for the new generation.

However, in order to thrive, innovative financial services need a clear legal and regulatory framework. The revised Payment Services Directive (PSD2) and the Regulatory Technical Standards (RTS) lay the groundwork for this. It is of critical importance **that the European authorities pursue their efforts to complete the legal framework where needed, clarify a number of aspects to ensure legal certainty and align the implementation of this legal framework across Member States.**

Finally, moving beyond the legal requirements, it is essential that **market stakeholders reach a consensus on the technical, operational and business requirements.**

Today, I intend to cast more light on these issues by addressing two aspects that are required for innovative financial services to come to fruition:

1. the underlying market infrastructure for financial services; and
2. the founding legal frameworks necessary for developments to flourish in the payment landscape.

My speech will focus on instant payments and payment initiation services.

## **Developing the Eurosystem's market infrastructure**

A sound and efficient market infrastructure is essential for the creation of an integrated financial market in Europe. The Eurosystem is continuously exploring ways to develop our market infrastructure so that it meets the needs and requirements of the market. In autumn 2016 we announced the launch of an investigation into the future development of our market infrastructure. The projects that are relevant in this context are:

1. the TARGET instant payment settlement (TIPS) service; and
2. the consolidation of TARGET2 and TARGET2-Securities (T2S).

Now, half a year later, I can say that good progress has been made.

TIPS and the consolidation of TARGET2 and T2S are closely linked. Under the assumption that the projects will get the go-ahead in the weeks ahead, TARGET2, T2S and TIPS will have a modular structure with a number of common elements and centralised liquidity management. The centralised liquidity management function will bundle all the necessary features to allow participants to manage their liquidity across all Eurosystem services. The account structure envisaged will allow participants to use the available payment capacity whenever one of the connected services is open for business, without the need for harmonising the operating times of the different services. A market consultation on the user requirements for these services was launched in early May and we hope for wide market participation.

A market consultation on TIPS held earlier this year showed that there is significant interest in the topic of instant payments in general, and in particular the service that TIPS can potentially offer. Overall, feedback on the proposed TIPS service was very positive. One point on which we have provided further clarification concerns the broader framework of how TIPS

fits into the future European market infrastructure landscape, in particular as regards interaction with automated clearing houses (ACHs).

The TIPS initiative is the Eurosystem's response to the increased "speed" which we are all experiencing in our daily lives. Europeans have a growing urge to make payments instantly, just like they access music, news and traffic updates instantly. The TIPS initiative aims to create the infrastructure needed for the settlement of instant payments across Europe. It can thus help achieve pan-European scale and prevent new fragmentation resulting from the development of national solutions, which may not operate across borders, or only in a limited way.

TIPS is meant to complement the clearing services of ACHs. The two can complement each other to achieve reachability across Europe. There are clear indications that ACHs alone cannot achieve that scale for instant payments in euro. However, with TIPS, ACHs can extend their reachability across Europe if the participants in the ACH are either participants or reachable parties in TIPS.

Last but not least, the feedback we received on expected volumes in the market consultation was very encouraging. The volumes initially estimated by the Eurosystem were substantially exceeded both as regards total market volumes and the volumes that market participants expected to process in TIPS. For TIPS working under full cost recovery, this should result in more attractive pricing.

## **Moving the payment landscape forward**

For an integrated financial market to flourish, the legislators and the regulators must provide a clear legal framework so that innovative payment services can be developed for the European market as a whole. By defining the requirements to enable innovative players to easily enter the market in a safe and efficient manner, we can promote competition and ensure that users benefit from fintech innovation.

The revised Payment Services Directive (PSD2), which is to be transposed into national law by January 2018, aims to increase pan-European competition and participation in the payments industry, including by non-banks. At the same time, it is intended to provide a level playing field by setting out the requirements for consumer protection and the rights and obligations of payment providers and users.

The last few years have seen the emergence of new third-party providers (TPPs) offering payment initiation and/or account information services at the front end of the value chain. Level 2 measures on strong customer authentication and secure communication have been developed by the European Banking Authority (EBA). These aim to provide the necessary safeguards for ensuring the security of payment services. The review of the Regulatory Technical Standards submitted by the EBA to the European Commission (EC) is currently under way. By the end of this month, the EC will decide whether or not to accept them or request amendments before submitting the revisions to the European Parliament and the Council for adoption. Following adoption,

payment service providers will have 18 months to implement the standards. At the current juncture, a number of uncertainties remain for market players on the final shape of this legal framework. I therefore welcome the efforts being made by the European authorities to settle these aspects as soon as possible in order to support the market in implementing this new framework. I would in particular highlight three fields:

First, the legal framework as it currently stands is still incomplete. One important aspect in this regard is the question of the interface to be used for TPPs to access account servicing payment service providers (ASPSPs): will it be a so-called dedicated interface or will it be direct access? In this regard, the EU regulator still needs to define whether there will be one interface or two and in the latter case under which conditions each could be used.

Second, further legal clarity is needed from the regulator on a number of legal framework aspects. One such aspect is passporting, i.e. the conditions under which a TPP licensed in one country could provide services throughout the whole of the EU.

Finally, another aspect is the specific legal regime that is in force between the transposition of PSD2 into national law by January 2018 and the applicability of RTS in 2019. The authorities should follow a consistent approach and not exercise unwarranted discretion in the implementation of the PSD2 requirements. This is needed to maintain the level playing field. It applies particularly in the period between the transposition of the PSD2 into national law and the coming into effect of RTS. For instance, it does not appear conceivable that the obligation of TPPs to identify themselves to the ASPSPs differs between Member States.

With a proper regulatory framework and an integrated market infrastructure in place, the foundation has been laid. The PSD2 cannot however settle all issues. Within the Euro Retail Payments Board we have established a working group that will define the technical, operational and business requirements for payment initiation services. The work is challenging, as there are diverging views among stakeholders. It is essential that a harmonised approach and common business practices are defined so that payment service providers can offer services in an integrated manner across Europe. In this vein, I hope for market collaboration that allows us to reach a constructive solution which benefits the market and remains faithful to the spirit of the legislation. Recent discussions suggest progress, and I hope that we can combine our energy and find a compromise that will be a win-win for Europe.

## **Conclusion**

To conclude, I will reiterate that fintech has unleashed the potential for innovative financial services that can bring benefits to individuals and businesses. The Eurosystem is committed to keeping pace with innovation in financial services while, at the same time, safeguarding the safety and efficiency of our financial market infrastructure.

TIPS has the potential to be the underlying infrastructure that will

facilitate instant payments across Europe. It will provide the basis for innovative payment services to flourish and, in tandem with the services offered by ACHs, it can help foster pan-European reachability.

For PSD2 to achieve its objective regarding access, innovation and a level playing field, it is important that several aspects of the legal and regulatory framework are clarified and implemented in a consistent manner – in particular when PSD2 takes effect in January 2018 and the respective RTS later in 2019. In this context, the authorities should consider how the new directive and derived regulatory technical standards will work in conjunction with instant payments.

Moving beyond the legal requirements, **I also encourage market stakeholders in the Euro Retail Payments Board to agree on the technical, operational and business requirements.** The success of this endeavour can be achieved in a spirit of cooperation.

Thank you.