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General Secretariat

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NOTE

From: General Secretariat of the Council

To: Delegations

Subject: Informal meeting of the Heads of State or Government (10 and 11 March 2022)

- Draft Versailles Declaration

Draft

Versailles Declaration

Russia's war of aggression constitutes a tectonic shift in European history. At our meeting in Versailles, we discussed how the EU can live up to its responsibilities in this new reality, protecting our citizens, values, democracies, and our European model.

Confronted with growing instability, strategic competition and security threats, we decided to take more responsibility for our security and take further decisive steps towards building our European sovereignty, reducing our dependencies and designing a new growth and investment model for 2030.

In this respect, we addressed today three key dimensions:

- 1. Bolstering our **defence** capabilities;*
- 2. Reducing our **energy** dependencies; and*
- 3. Building a more robust **economic base**.*

I. BOLSTERING OUR DEFENCE CAPABILITIES

1. In December 2021, we decided that the European Union would take more responsibility for its own security and, in the field of defence, pursue a strategic course of action and increase its capacity to act autonomously. The transatlantic relationship and EU-NATO cooperation are key to our overall security. A stronger and more capable EU in the field of security and defence will contribute positively to global and transatlantic security and is complementary to NATO, which remains the foundation of collective defence for its members.
2. While acknowledging the specific character of the security and defence policy of certain Member States, we will continue to invest in our mutual assistance under Article 42(7) of the Treaty on European Union. In view of the challenges we face and in order to better protect our citizens, we must **resolutely bolster our investment in defence capabilities and innovative technologies**. We therefore agreed to:
 - a) increase substantially defence expenditures, with a significant share for investment, focusing on identified strategic shortfalls, and with defence capabilities developed in a collaborative way within the European Union;
 - b) develop further incentives to stimulate Member States' collaborative investments in joint projects and joint procurement of defence capabilities;
 - c) invest further in the capabilities necessary to conduct the full range of missions and operations;
 - d) foster synergies between civilian, defence and space research and innovation, and invest in critical and emerging technologies and innovation for security and defence;
 - e) take measures to strengthen and develop our defence industry.

3. We also need to best prepare for **fast-emerging challenges** by:
 - a) protecting ourselves against ever-growing hybrid warfare, strengthening our cyber-resilience, protecting our infrastructure - particularly our critical infrastructure - and fighting disinformation;
 - b) enhancing the security and defence dimension of space industries and activities;
 - c) accelerating ongoing efforts to enhance military mobility throughout the EU.
4. In parallel to these efforts, we will **support our partners** through all available instruments, including through an increased European Peace Facility.
5. The forthcoming **Strategic Compass** will provide guidance for action across these security and defence dimensions to make the European Union a stronger and more capable security provider.

II. REDUCING OUR ENERGY DEPENDENCIES

6. Over the past few years, the European Union has set ambitious targets to reach the objective of climate neutrality by 2050.
7. As the EU works towards achieving that goal, the current situation calls for a thorough reassessment of how we ensure the security of our energy supplies.
8. In this respect, we agreed to **phase out our dependency on Russian gas, oil and coal** imports, in particular by:
 - a) accelerating the reduction of our overall reliance on fossil fuels;
 - b) diversifying our supplies and routes including through the use of LNG and the development of biogas and hydrogen;

- c) speeding up the development of renewables and the production of their key components, as well as streamlining authorisation procedures for energy projects;
 - d) improving the interconnection of European gas and electricity networks and fully synchronising our power grids;
 - e) reinforcing EU contingency planning for security of supply;
 - f) improving energy efficiency and the management of energy consumption, and promoting a more circular approach to manufacturing and consumption patterns.
9. In addition, we will continue working on the **following strands**:
- a) ensuring sufficient levels of gas storage and putting in place coordinated refilling operations;
 - b) monitoring and optimising the functioning of the electricity market;
 - c) channelling coordinated investment in energy systems;
 - d) enhancing connectivity with our immediate neighbourhood.
10. In parallel we will continue to address the **impact of increased energy prices** on our citizens and businesses, especially our vulnerable citizens and SMEs, including at the next meeting of the European Council on 24-25 March 2022.

III. BUILDING A MORE ROBUST ECONOMIC BASE

11. Building on the strengths of our Single Market, we will make Europe's economic base more resilient, competitive and fit for the green and digital transitions, while leaving no one behind.

Reducing our strategic dependencies

12. Looking ahead, the following sectors are instrumental in addressing our strategic dependencies, particularly in the most sensitive areas:

Critical raw materials

We will secure EU supply by means of strategic partnerships, exploring strategic stockpiling and promoting a circular economy and resource efficiency;

Semi-conductors

We will diversify supply value-chains and develop EU production capacity with the aim of securing, through the European Chips Act, 20 % of the global market share by 2030;

Health

We will focus on supporting innovation and sustainable European production of affordable medicines, fast-tracking the registration of European suppliers, financing research and development and building production capacity for critical products to respond to health crises, including through HERA, and making Europe a leader in biomedicines;

Digital

We will invest in digital technologies, including Artificial Intelligence, Cloud and 5G deployment in Europe and abroad. We will examine the feasibility of creating digital partnerships, strengthen the EU normative framework by swiftly adopting pending legislative acts (in particular on data, the Digital Services Act, the Digital Markets Act, Artificial Intelligence and Cloud), and weigh in on the standardisation of some key technologies, including the future 6G;

Food

We will improve our food security by reducing our dependencies on imported agricultural products and inputs, in particular by increasing the EU production of plant-based proteins.

Action at EU level and beyond

13. In those sectors, at EU level, we will ensure cooperation by fostering industrial initiatives through Important Projects of Common European Interest (IPCEIs) and industrial alliances. In addition, we will strengthen the EU's research and innovation capabilities.
14. At global level, we will continue to pursue an ambitious and robust trade policy and promote our standards, market access, sustainable value chains and connectivity. We will complete our trade and competition policy toolbox with instruments to address distortive effects of foreign subsidies on the Single Market, to protect from coercive measures by third countries, and to ensure reciprocity in opening up public procurement with trading partners. The process leading to trade agreements should be transparent and inclusive so as to ensure successful outcomes.

IV. FOSTERING INVESTMENT

15. We will create an environment that facilitates and attracts private investment by:
 - a) drastically reforming, simplifying and fast-tracking administrative procedures to authorise investment projects in the EU;
 - b) creating a simple and predictable regulatory environment, particularly for SMEs;
 - c) promoting skills to meet evolving labour market needs and ensuring quality jobs;
 - d) continuing to promote social cohesion and preserving our social model;

- e) completing our Single Market in all its dimensions, particularly for digital and services;
 - f) creating more integrated, attractive and competitive European financial markets, enabling the financing of innovation and safeguarding financial stability, by deepening the Capital Markets Union and completing the Banking Union.
16. We will mobilise the necessary European and national public funding to improve access to risk capital, overcome market failures, leverage private investment and encourage innovative projects. We will make best use of EU resources. We will use the budget and the potential of the EIB Group to catalyse private investments, including higher risk-financing for entrepreneurship and innovation.
17. Our national fiscal policies will need to take into account the overall investment needs and reflect the new geopolitical situation. We will pursue sound fiscal policies, which ensure debt sustainability for each Member State, including by incentivising investments that are growth-enhancing and key for our 2030 objectives. This should go hand in hand with reforms that will foster job creation and develop the growth potential in the European Union.

V. **THE WAY FORWARD**

18. We will take forward this agenda as individual Member States and collectively. We call on the institutions to speed up work on all the issues we discussed. We, as Leaders, will come back to this agenda at our forthcoming meetings in the European Council.