



European Council

**Brussels, 25 March 2022
(OR. en)**

EUCO 1/22

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NOTE

From: General Secretariat of the Council
To: Delegations
Subject: European Council meeting (24 and 25 March 2022)
– Conclusions

Delegations will find attached the conclusions adopted by the European Council at the above meeting.

EUCO 1/22

The European Council held an exchange of views with the President of the United States on transatlantic cooperation in the context of the Russian military aggression against Ukraine.

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I. RUSSIAN MILITARY AGGRESSION AGAINST UKRAINE

1. Russia's war of aggression against Ukraine grossly violates international law and is causing massive loss of life and injury to civilians. Russia is directing attacks against the civilian population and is targeting civilian objects, including hospitals, medical facilities, schools and shelters. These war crimes must stop immediately. Those responsible, and their accomplices, will be held to account in accordance with international law. The siege of Mariupol and other Ukrainian cities, and the denial of humanitarian access by Russian military forces are unacceptable. Russian forces must immediately provide for safe pathways to other parts of Ukraine, as well as humanitarian aid to be delivered to Mariupol and other besieged cities.
2. The European Council urges Russia to urgently guarantee safe passage to civilians entrapped in all other war zones to a destination of their choice, to immediately release all hostages, to provide uninterrupted humanitarian access and to establish humanitarian corridors. It also urges Russia to fully respect its obligations under international law, including international humanitarian law, and abide by the recent order by the International Court of Justice.
3. The European Council demands that Russia immediately stop its military aggression in the territory of Ukraine, immediately and unconditionally withdraw all forces and military equipment from the entire territory of Ukraine, and fully respect Ukraine's territorial integrity, sovereignty and independence within its internationally recognised borders.

4. The European Union stands by Ukraine and its people and the European Council reaffirms the Versailles Declaration, acknowledging the European aspirations and the European choice of Ukraine, as stated in the Association Agreement. The European Council reiterates its invitation to the Commission to submit its opinion in accordance with the relevant provisions of the Treaties. The European Union will continue to provide coordinated political, financial, material and humanitarian support. The European Union has so far adopted significant sanctions that are having a massive impact on Russia and Belarus, and remains ready to close loopholes and target actual and possible circumvention as well as to move quickly with further coordinated robust sanctions on Russia and Belarus to effectively thwart Russian abilities to continue the aggression. The European Council calls on all countries to align with those sanctions. Any attempts to circumvent sanctions or to aid Russia by other means must be stopped.
5. The Russian military aggression against Ukraine has forced millions of people to flee their homes. Many of them have found shelter and safety in the European Union, facilitated by the temporary protection mechanism. Particular attention should be paid to the needs of the most vulnerable and measures to prevent and detect human trafficking. The European Council pays tribute to all the citizens, organisations and governments across Europe who have shown solidarity with those fleeing this atrocious war.
6. This crisis represents a significant challenge for the infrastructure and public services of hosting States, notably at the borders with Ukraine. The European Council recognises all the efforts already made to welcome refugees fleeing the war in Ukraine, and calls on all Member States to intensify their efforts in a continued spirit of unity and solidarity, and invites the Commission to take any necessary initiatives to facilitate such efforts. It also calls for work to be urgently completed on the recent Commission proposals to support Member States so as to ensure that EU funding for refugees and their hosts can be mobilised rapidly and invites the Commission to work on additional proposals to reinforce EU support in this regard. It calls on the Member States, with the support of the Commission, to develop contingency plans to address medium- and long-term needs as well.
7. The European Union is committed to ensuring continuous and uninterrupted electricity and gas flows to Ukraine. The recent synchronisation of Ukrainian and Moldovan

electricity grids with the EU's grids is a remarkable achievement. It shows that our futures are now interconnected. The safety of Ukrainian nuclear facilities must be ensured, including with the support of the International Atomic Energy Agency.

8. Bearing in mind the destruction and enormous losses brought upon Ukraine by Russia's military aggression, the European Union is committed to provide support to the Ukrainian Government for its immediate needs and, once the Russian onslaught has ceased, for the reconstruction of a democratic Ukraine. To that end, the European Council agrees to develop a Ukraine Solidarity Trust Fund and invites its international partners to participate, and calls for preparations to start without delay. It calls on the Commission to continue to provide technical assistance in order to help Ukraine implement necessary reforms.
9. The European Council calls for an international conference to be organised in due time to raise funding under the Ukraine Solidarity Trust Fund.
10. The European Council also reaffirms its commitment to stand by the Republic of Moldova and its people.

II. SECURITY AND DEFENCE

11. Recalling the Versailles agenda, the European Council held a strategic debate on security and defence, taking into account the new security situation in Europe which is a major shift in its strategic environment.
12. The European Council endorses the Strategic Compass, which provides the strategic guidance for the next decade and defines a coherent set of actions, ways and means, and clear targets required for this new impetus by:
 - a) enabling the European Union to act more quickly and decisively when facing crises;

- b) securing our interests and protecting our citizens by strengthening the European Union's capacity to anticipate and mitigate threats;
- c) stimulating investment and innovation to jointly develop the necessary capabilities and technologies;
- d) deepening our cooperation with partners to achieve common goals.

It invites the Council to immediately take work forward on the implementation of the Strategic Compass, according to the timetable therein.

13. The European Council looks forward to an analysis to be developed by the Commission by mid-May, in coordination with the European Defence Agency, of the defence investment gaps and to the proposals for any further initiative necessary to strengthen the European defence industrial and technological base. This will feed into efforts to strengthen the European Union's resilience and to increase its security and defence capacity through more and better investments, focusing on identified strategic shortfalls. It invites the Council to advance work on the recent Commission proposals.
14. In order to strengthen the defence capabilities of the European Union and of Member States, the full potential of the European Union's funding instruments and initiatives, in particular the European Defence Fund and the Permanent Structured Cooperation, the Capability Development Plan and the Coordinated Annual Review on Defence, should be harnessed. In addition, measures should be taken by the end of 2022 to promote and facilitate access to private funding for the defence industry, also by making best use of the possibilities offered by the European Investment Bank. The European Council will regularly assess the implementation of the Strategic Compass and progress in the area of security and defence. It will provide further guidance if needed.

III. ENERGY

15. The European Union will phase out its dependency on Russian gas, oil and coal imports as soon as possible, as set out in the Versailles Declaration. Therefore, the European Council looks forward to the comprehensive and ambitious plan, elaborated in close coordination with Member States, that the Commission will submit to this effect by the end of May 2022. National circumstances and Member States' energy mix will be taken into account.
16. Sustained high energy prices have an increasingly negative impact on citizens and businesses, which is further compounded by the Russian military aggression against Ukraine. The European Council discussed how to provide further relief to the most vulnerable consumers and how to support European businesses in the short term.

The European Council:

- a) invites the Member States and the Commission to continue to make best use of the toolbox, including the new State aid temporary crisis framework, as a time-limited departure from the status quo. As proposed by the Commission, temporary taxation of or regulatory interventions on windfall profits can be a useful source of national financing;
- b) tasks the Council and the Commission, as a matter of urgency, to reach out to the energy stakeholders, and to discuss, if and how, the short-term options as presented by the Commission (direct support to consumers through vouchers, tax rebates or through an "aggregator model/single buyer", State aid, taxation (excises and VAT), price caps, regulatory measures such as contracts for differences) would contribute to reducing the gas price and addressing its contagion effect on electricity markets, taking into account national circumstances;

- c) calls on the Commission to submit proposals that effectively address the problem of excessive electricity prices while preserving the integrity of the Single Market, maintaining incentives for the green transition, preserving the security of supply and avoiding disproportionate budgetary costs.

In the present context of very high electricity prices, the Commission stands ready to urgently assess the compatibility of emergency temporary measures in the electricity market notified by Member States, including to mitigate the impact of fossil fuel prices in electricity production, with the provisions of the Treaties and Regulation 2019/943.

In assessing such compatibility, the Commission will also ensure, through an accelerated procedure, that the following conditions are met: the measures reduce spot electricity market prices for companies and consumers and they do not affect trading conditions to an extent contrary to the common interest. In making this assessment, the temporary nature of the measures and the level of electricity interconnectivity with the single market for electricity will be taken into account.

17. The European Council reviewed the EU's immediate term preparedness and tasked the Council to examine the proposals by the Commission on EU gas storage policy duly taking into account and addressing the interests of the Member States with significant storage capacity in order to ensure a fair balance. Refilling of gas storage across the Union should start as soon as possible, taking fully into account national preparedness measures. With a view to next winter, Member States and the Commission will urgently:

- a) establish the necessary solidarity and compensation mechanisms;

- b) work together on voluntary common purchase of gas, LNG and hydrogen, making optimal use of the collective political and market weight of the European Union and its Member States to dampen prices in negotiations. The common purchases platform will also be open for Western Balkan countries and the three associated Eastern Partners;
 - c) complete and improve our gas and electricity interconnections throughout the European Union, including full synchronisation of power grids;
 - d) work on ensuring the security of supplies for all Member States.
18. Energy security and climate neutrality can only be achieved if the European Union relies on a robust and fully interconnected internal electricity market and a well-functioning carbon market. The European Council discussed how to take work forward on monitoring and optimising their functioning. It invites the Commission to take any necessary initiatives by May 2022, also taking into account the final ACER and ESMA reports.
19. The European Union will continue to coordinate with international partners in order to ensure adequate supply and to mitigate the increase of energy prices.

IV. ECONOMIC ISSUES

20. The European Council calls for work to be taken forward on the implementation of the Versailles Declaration on building a more open and robust economic base, notably by reducing our strategic dependencies in the most sensitive areas such as critical raw materials, semi-conductors, health, digital and food, and by pursuing an ambitious and robust trade policy, as well as by fostering investment.

21. Thirty years after its creation the Single Market remains one of the European Union's primary assets for sustainable growth and job creation, and is key to accelerating its green and digital transitions as well as strengthening the resilience of our economies. It is necessary to ensure the functioning of the Single Market also in times of crisis. For the Single Market to realise its full potential for the benefit of European consumers and contribute to boosting productivity and increasing the competitiveness of European businesses, the European Council calls for:
- a) strictly implementing and enforcing the Single Market rules and ensuring that all companies comply with EU harmonised standards and competition rules;
 - b) implementing the industrial strategy and the SME strategy;
 - c) completing the Single Market, in particular for digital and services;
 - d) closely monitoring and preventing bottlenecks as well as removing remaining unjustified barriers and administrative burdens and avoiding new ones;
 - e) better interconnecting ecosystems across Member States, and securing and diversifying supply chains;
 - f) sustaining the European Union's capacity as an international standard setter.
22. The European Council held an exchange of views on recent economic developments. It endorses the policy priorities of the Annual Sustainable Growth Survey and invites Member States to reflect them in their National Reform Programmes and Stability or Convergence Programmes. It also endorses the draft Council Recommendation on the economic policy of the euro area.

23. The European Council invites the Council, taking into account the specific situations of all Member States, to take work forward on the Commission's communication on rising food prices and global food security, which sets out both short-term measures to address food affordability in the European Union and help farmers facing high input costs, and medium-term measures to support the transition to a sustainable food system.
24. The European Council invites the Commission, in coordination with international partners, to prioritise work on global food security and affordability, in particular by supporting food security and agriculture in Ukraine and the most vulnerable and exposed third countries. This will be the core objective of the FARM (Food and Agricultural Resilience Mission) initiative. This multilateral work should ensure the efficient functioning of the markets and encourage local production to reduce the risk of food insecurity. The integrity of food supply chains should be preserved.

V. COVID-19

25. The European Council reviewed coordination efforts in response to the COVID-19 pandemic.
26. It took stock of progress in the deployment of international cooperation on global health governance and solidarity, including through an improved roll-out of vaccines and, under the auspices of the World Health Organization, work on a future instrument to strengthen pandemic prevention, preparedness and response. It also welcomes the progress made concerning the issue of intellectual property rights in the World Trade Organization.

VI. EXTERNAL RELATIONS

27. The European Council prepared the EU-China summit to be held on 1 April 2022. It exchanged views on relations with China in the new global context, in particular the Russian military aggression against Ukraine.
28. The European Council discussed the prolonged political crisis in Bosnia and Herzegovina. The European Union reiterates its commitment to the European perspective of Bosnia and Herzegovina and the Western Balkans. Leaders in Bosnia and Herzegovina need to demonstrate a strong commitment to finalise swiftly the constitutional and electoral reform, vital for stability and full functionality of the country, as well as to support all other priority reforms set out in the Commission's Opinion to obtain a candidate status. The European Union stands ready to continue its high-level engagement in this regard.

VII. NEXT STEPS

29. The European Council will revert to all these issues at a special meeting.

VIII. OTHER ITEMS

30. The European Council re-elected Mr Charles MICHEL President of the European Council for the period from 1 June 2022 until 30 November 2024.
31. The European Council noted the decision of the Heads of State or Government of the Contracting Parties to the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union whose currency is the euro re-appointing Mr Charles MICHEL President of the Euro Summit for the period from 1 June 2022 until 30 November 2024.
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