



**EUROPEAN COUNCIL
THE PRESIDENT**

**Brussels, 24 March 2011
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**Remarks by
Herman VAN ROMPUY
President of the European Council
following the meeting of the European Council**

We took important decisions today.

Let me first brief you on our economic discussion. We decided a comprehensive package of economic measures. Under the impulse of our earlier meetings, in particular the informal Eurozone summit on 11 March, a lot of work had been done already. Today almost all the strands of this enterprise have come together.

We adopted the Euro Plus Pact. It will provide for a new quality of economic coordination. We now call it the Euro *Plus* Pact, for two reasons.

Firstly, because it is about what Eurozone countries want to do MORE; they share one currency and wish to undertake efforts on top of existing EU commitments and arrangements;

Secondly, because it is also OPEN to the others. That's why I am glad that today six colleagues from non euro countries announced that they will join the Euro Plus Pact. They are Denmark, Poland, Latvia, Lithuania, Bulgaria and Romania. I welcome that these countries want to cooperate more closely with the Eurozone. The Pact will remain open for the others to join later on.

The political commitment of the Euro Plus Pact comes on top of all the other measures in the package to improve Member States' economic performance: the stronger Stability and Growth Pact on fiscal surveillance; the new macro-economic surveillance; and the implementation of the EU 2020 strategy on more economic growth.

Today, we also started the European Semester. We gave a clear orientation for the preparation of the next year's national budgets and reform plans. All these measures are key for our future.

Furthermore, we have undertaken to guarantee collectively the financial stability of the Eurozone. We today adopted the final decision on the European Stability Mechanism. After national approvals, this decision will clear the road for the successor to the temporary Facility (EFSF).

P R E S S

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We confirmed the "operational features" of the permanent Stability Mechanism. We will make sure that 500 billion euro is available with triple-A status. We have agreed to ensure that the temporary Facility has an effective lending capacity of 440 billion euro. It will be in place in June.

Finally, in order to repair the financial sector, we underline the importance of credible stress tests. Banks must do the tests; governments must be ready to deal with the outcome of the tests.

A final remark on the economy. Some people fear this work is about dismantling the welfare states and social protection. Not at all. As I said earlier today to the social partners at the Tripartite Social Summit: It is to save it. What we do is to make sure that our economies are competitive enough to create jobs and to sustain the standard of living for all our citizens. That's what our work is about.

Tonight, we also talked about the situation in Libya.

Two weeks ago, in an extraordinary European Council, we adopted a clear line on Libya. We decided that, to safeguard the safety of the civilian population, Member States could: *"examine all necessary options, provided that there is a demonstrable need, a clear legal basis and support from the region"*.

Those three conditions have been met. The regime stepped up the violence against its own people. Last week, the UN Security Council agreed the landmark resolution on Libya and this provided the legal basis. The support from the Arab League was also there.

The actions undertaken by a coalition of European, Arab and North-American countries, implementing the UN resolution, have contributed to protect the civilian population of Libya. A bloodbath has been avoided, thousands of lives have been saved. Military operations should cease as soon as the civilian populations are safe.

From the beginning of the crisis, the European Union was at the forefront, imposing tough sanctions. Today we decide that we are ready to adopt further sanctions "including measures to ensure that oil and gas revenues do not reach the Kadhafi regime." Member States will ask the United Nations to do the same.

We have also provided humanitarian aid. All Heads of State or Government stand ready for further action in this field.

The political objectives we set two weeks ago remain unchanged: Kadhafi must go, and we want a political transition, led by the Libyans themselves, and based on a broad based political dialogue.

We also stand ready to help a new Libya, both economically, and in building its new institutions. The humanitarian situation in Libya and at its borders remains a source of serious concern and that's why we will continue to provide humanitarian assistance in Libya.

We follow the events in the region closely. Knowing the situation is different in each country, we express our utmost concern at the situation in Syria, Yemen and Bahrein. We strongly condemn the escalation of violence.

On the positive side, we noted the smooth conduct of the constitutional referendum in Egypt last week.

Today we decided on the first steps of the new Partnership with the Southern Neighbourhood that we established on 11 March.

Tomorrow morning, we will discuss the other international head-line issue, the catastrophe in Japan, and we will adopt the Conclusions of this European Council of March.
